

France & the ERM Hard choices in a currency crisis



Opel in eastern Germany General Motors brings in lean production

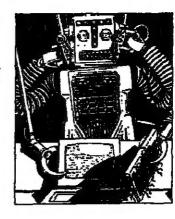


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Voice mail sweeps across Europe

Survey Computers in manufacturing

Page 23-25



## FINANCIAL TIMES

Europe's Business Newspaper

THURSDAY SEPTEMBER 24 1992

## **US** consortium's bid for Canary Wharf rejected

Bankers to the financially troubled Canary Wharf property development in east London have rejected the only serious bid for the project from a consortium led by US financiers Larry Tisch and Lewis

This leaves the bankers with no prospect of securing outside capital for a vital private sector contribution to the costs of extending the Jubilee Underground line. They must decide in the next few days whether they will provide the £170m (\$290.7m) needed. Page 14; Chemical Bank's move,

French flood toll reaches 29: At least 29 people have been killed in flash floods and flerce storms that ravaged the Ardeche, Vauclus and Drome regions in south-east France, according to municipal officials. At least 40 people are missing after Tuesday night's storms, Picture, Page 4

Porsche chief executive Arno Bohn, 45, is to step down at the end of the month because of what the sports car maker called "differences of opinion" over business policy. Main board director Wendelin Wiedeking, 40, will take his place. Page 15

Panic under duress: A United Nations decision taken early yesterday to exclude the rump Yugo-slavia from the general assembly will sharpen divisions inside Serbia and could decide the late of prime minister Milan Panic, his advisers said. Page 4; Picture, Page 14

Treaty threat to Major: UK prime minister John Major may have difficulty in ensuring British ratification of the Maastricht treaty after 40 MPs in the ruling Conservative party expressed their readiness to dely the government over the docu-ment. Page 14; Enemy within, Page 8; Editorial Comment, Page 12

Perot thinks again: Texas billionaire Ross Perot may decide next week whether to revive his US presidential campaign which he abandoned in July. He said this week he made a mistake in pulling out. Page 14

IMF backs Brazil debt plan: The International Monetary Fund plans to provide a letter of support to a debt restructuring agreement by Brazil and its commercial bank creditors, even though the government is out of compliance with an IMF stand-by loan programme. Page ?

UK minister under pressure: Heritage secretary David Mellor, UK minister responsi for the arts and national treasures, came under further pressure after senior MPs indicated they would review his future today. He has been accused of accepting offers of hospitality from wealthy friends without recording them in an official register. Page 8

Affied-Signed, US industrial technology company which is being restructured, said it would be selling its 39 per cent stake in Union Texas Petroleum in a public offering likely to raise around \$600m gross. Page:15:

Swedish QNP shrinks: Sweden's economy is expected to show negative growth for the second year in succession after figures were released showing a 1.2 per cent drop in gross national product in the first half of this year. Page 4

Taiwan stock defaults probe: Four Talwanese market players were detained by authorities investigating an estimated T\$80n (\$315.5m) of stock defaults. Page 6

Black & Decker shares fell sharply after the US household conjument maker cautioned that no earnings growth should be expected in the third quarter. Page 17

Prizes capped Nobel prizes, which have more than doubled in value in recent years, are to be pegged close to their present levels in future. Geir Lundestad, head of the Norwegian Nobel Institute, said. This year's prizes are each worth

Spying together: Germany's intelligence ency has opened an official bureau in Moscow to help to combat organised crime, drug sinuggling

iraq cash plans The US and its allies plan to press for a UN resolution to force the release hundreds of millions of dollars in frozen Iraqi funds to pay for humanitarian work in Iraq, a top Bush administration official said.

Koreans kidnapped: Four South Koreans at a construction site in southern Iran were kidnapped by gunmen. An Iranian worker was reported killed in the attack, 120 miles from Bandar

STOCK MARKET INDICES STERLING

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## France and Germany unite to defend franc

Foreign Staff

GERMANY and France yesterday forged a united front to defend the French franc and the remains of the European Monetary System from renewed speculative attack but were still unsure of victory after a day of intense currency trading.

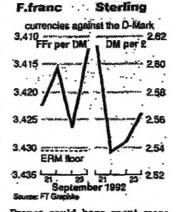
As the European exchange rate nechanism experienced another day of crisis, France pushed its short-term interest rates sharply higher and both the German Bundesbank and Bank of France intervened heavily in support of the franc. For the first time, the Bundesbank intervened within the official margins of the ERM in support of another currency.

Strains were apparent else-where in the ERM as Spain rein-troduced capital controls to protect the peseta less than eight months after lifting them and within a week of devaluing the Spanish currency by 5 per cent. The punt remained under intense selling pressure, while the escudo

The selling of the franc produced a bitter - even blood-- response from Mr Michel Sapin, the French finance minister. "During the [French] revolution, such people were known as speculators and they were beheaded," he said. "We must make the speculators pay...hit them where it hurts — in their wallets", he added. Several analysts suggested last

night that France's foreign exchange reserves were exhausted, but there was no official information to back these claims. Currency dealers in London estimated that the Bank of

Madrid introduces capital controls to prop up peseta



France could have spent more than FFr50bn (\$10bn) worth of foreign currency, or more than half its reserves, in recent days to defend the franc. Estimates of Bundesbank inter-

vention over the past two days ranged between DM16bn and DM36bn (\$6.7bn-\$20bn).

The Franco-German attempt to crush the speculation started at dawn yesterday. As currency trading began in Paris, the Bank of France raised its five to 10 day repurchase rate from 10.5 per

cent to 13 per cent, triggering a

sharp rise in money market It was the first increase since last December in the repurchase rate, at which commercial banks borrow short-term money from the French central bank, often to

■The battle to keep Page 2 Bank of Spain moves to protect the pesets Page 2 ■ Industrialists fea

Page 3 Page 12 ■ Samuel Brittan Page 12 British government faces Maastricht revolt Page 14

Page 14 Capital markets Page 24

At the same time, the central banks and finance ministries of France and Germany issued a rare joint statement stressing that there was no justification for a change in the EMS parity between the franc and the D-Mark. "France and Germany will fight this speculation, which is based on no economic funda-mentals", Mr Sapin said.

This verbal support was fol-lowed by more heavy intervention by both central banks. The bank openly intervened to support the franc at levels above its mandatory intervention point against the D-Mark, the first time that it has acted in this way since the ERM began in 1979.

By last night, the battle between the markets and the central banks seemed evenly matched. The franc closed in

London at FFr3.4120 to the D-Mark, slightly stronger than on Tuesday but still close to its lower limit of FFr3.4305.

However, several analysts believe another French interest rate rise could be on the way, perhaps in the central bank's intervention rate. This rate, which was left unchanged yesterday, is the one that determines French base rates which currently stand at 9.85 per cent. Madrid's decision effectively to

reintroduce exchange controls was taken to avoid a further interest rate rise. Spain decided to force domestic banks to match loans to foreign investors by depositing an equal sum, interest

free, with the Bank of Spain. The move represented a humillating climb down for Spain which had hailed the removal of controls earlier this year as an important step in its economic integration with the rest of the European Community. Yesterday it was reported that the European Commission in Brussels had been in touch with the Spanish authorities to establish whether these controls were compatible with EC single market laws. The crisis in the European cur-

rency markets helped push the yen to an all-time high of Y119.8 against the dollar, breaking the previous record of Y120.45 recorded in January 1988.

For the second day in a row, Japanese investors were reported to be repatriating their European currency investments and converting them into yen.

Mr Nicholas Brady, the US treasury secretary, yesterday called on leading nations to carry out an new examination of global



Workers gather in Bologna's Piazzo Maggiore in one of a series of nationwide protests against Italian government aus-terity measures Amato calls for confidence vote, Page 4

# Maastricht fears

By William Dawkins in Paris and Christopher Parkes in Bonn

CHANCELLOR Helmut Kohl and President François Mitterrand want next month's European Community summit to issue a special statement designed to soothe popular fears that economic and political union will rob people of their national iden-

The German and French leaders, who discussed the idea of an "interpretive declaration" on the Maastricht treaty in Paris on Tuesday night, are expected now to press other EC leaders for sup-

Mr Mitterrand and Mr Kohl agreed at their meeting that the lesson of the narrow Yes vote in

the French referendum on Maastricht, was that the European Community had become remote from ordinary people, an Elysée

official said. The aim over the next few weeks should be to discuss how community decision-making could be made more transparent and more democratic, he added. The summit, scheduled for

October 16 in London, should then brief the Commission to prepare firm proposals which could be taken up at the next summit in Edinburgh during December. France was keen that they should complement the report on subsidiarity called for by Mr John Major, the British prime

Continued on Page 14

## Leaders aim to ease Brussels speaks up against critics

By David Gardner and Andrew Hill in Brussels

THE European Commission yes-terday launched a strong counter-attack against the recent barrage of accusations of bureaucratic meddling and power-

Senior officials fear the grow-

paralysis. Mr Jacques Delors, the Commission president, was described yesterday by a senior official as feeling "distinctly bruised" after the German chancellor, Helmut Rohl, hitherto the Commission's

Commissioners, who devoted

their hig guns to defend Brus-sels' role in the Community. EC institutions has constantly to be explained". Mr Martin Bangemann, the He argued that this was a perfect example of "subsidiarity", which in his view meant action German commissioner in charge of the internal market, used the pretext of a mundane piece of taken "at the most appropriate single market legislation - on level". This was a case, he said the technical harmonisation of "where only European legislamotorcycles – to defend Brus-sels' mission. "In normal circumtion can solve the problem". Despite Mr Bangemann's confi-

himself sought the endorse of the 12 internal market ministers for the legislation, even though they had given their go-ahead to the principle of tech-

nical harmonisation in June. Some of Mr Bangemann's Commission colleagues had challenged the measure, fearing that it might be portrayed as

Continued on Page 14

## British Aerospace hit by big loss and £750m write-off

Aerospace, was last night

attacked by unions and opposi-tion MPs as another devastating

By Paul Betts in London

BRITISH AEROSPACE'S share price fell 43 per cent yesterday after it announced the closure of its historic Hatfield plant in Hert-fordshire with the loss of 3,000 jobs and a proposed joint venture with Taiwan to manufacture regional jets.

The move, part of a sweeping attempt to secure the future of one of Britain's biggest manufac-turing companies, was coupled with the announcement of a £129m (\$221m) first half loss and a £750m write-off - to be taken in the second half - on its regional aircraft operations.

The collapse of the share price, down 86p to 113p, revived speculation that BAe could be vulnerable to a takeover. Its market capitalisation of £426m last night is ess than the £432m it raised in a

blow for British manufacturing industry. The move follows the arrival four months ago of Mr John Cahill, BAe's chairman, who was charged with restoring the credibility and profitability of the company shaken by a top man-agement crisis and losses in its

commercial aircraft, Rover car and property operations. Mr Cahill defended the rationalisation programme as "the best way forward" for the company, which lost £278m in its commerclal aircraft operations in the first half. These losses coupled with £31m losses at Rover wiped out the £296m profits BAe made

in its defence business. The company also cut its interim dividend from 8.9 to 3p rights issue last year. The restructuring, which and is undertaking a capital reduction to cover the cost of its includes the proposed joint £750m restructuring programme. Although BAe said its proposed regional jet venture with Taiwan

Leader Page .

Technology

TV and Radio

joint venture with Taiwan would protect jobs in the UK, the overall impact of the restructuring would lead to 3,000 job cuts including 2,060 at Hatfield, the home of the Comet and the Trident before the BAe 146 regional

Another 1,000 jobs will be lost at the company's Woodford and Chadderton plants near Manchester as a result of the restructuring which will see turboprop aircraft production concentrated at Prestwick in Scotland. BAe has already shed 4,500 jobs

this year in its commercial aircraft and defence activities. Although BAe's defence activities remain strongly profitable. City sentiment was also hit by the company's failure so far to announce a long expected new Saudi Arabian order for Tornado

Out of the flying pan, Page 13 Lex. Page 14 Background and results, Page 20

# to discussing the Maastricht treaty crisis, reacted immedi-ately, by wheeling out two of such a directive", he told jour-nalists, but "the work done by

ing criticism could presage the Commission's emasculation, or at least damaging legislative

most powerful ally, hinted late on Tuesday that Brussels' pow-ers might have to be curbed.

their weekly meeting yesterday

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CONTENTS 

Gold Markets ... Equity Options .... \_ 19 Int. Bond Service ...... 19 Managed Funds .....30-34 Money Markets ..... 31 Survey Share Information 28.29.36

and Hawk aircraft.

THE FINANCIAL TIMES LIMITED 1992 No 31,870 Week No 39 D LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO

## French franc proves a tough nut to crack

German commitment to preserve the parity of the embattled currency has yet to face ultimate test

By Peter Norman, William Dawkins and James Blitz

IT HAS been the French franc's turn to become the target of currency speculators this week.

But events yesterday suggested that the embattled French currency will be a tougher nut to crack than sterling or the Italian lira.

As the authorities in Paris, Bonn and Frankfurt stepped up their efforts to support the franc, the tussle to maintain its position in the European exchange rate mechanism crystallised into a struggle between market forces and a number of powerful political imperatives.

The shock waves from a devaluation of the franc or its forced exit from the ERM would be felt far beyond Paris, where such a move would mark a humiliating end to the French government's franc fort policy. Failure to hold the franc would deal a crippling blow to what is left of the EMS as a zone of monetary stability in Europe and mark its final eclipse as a building block towards greater European inte-

damentally stronger than

leaving no economic reason for French inflation has been

below the German rate since June 1991, its hourly wage costs are 16 per cent below those in Germany and it runs a tighter control of its budget than its neighbour. France's budget deficit was 2.1 per cent of gross domestic product last year, as against Germany's 2.9

Franc devaluation would nenalise a virtuous currency.

port the currency. move demonstrating solidarity, the Bank of France, the Bundesbank, the French finance ministry and the finance ministry in Bonn issued a joint statement, declaring that there

was no justification for a

morning, buying francs, to sup-

change in the franc's parity. Yesterday, these efforts appeared to be meeting with some success. Unlike sterling the week before, the franc

There is no reason the markets should believe the French when they promise no devaluation

That the battle for the franc is qualitatively different from those last week to prop up the British and Italian currencies was highlighted yesterday by the powerful joint efforts of Germany and France to sup-

port the currency. Not only did the Bank of France raise its important five to 10 day repurchase rate by 21/2 percentage points to 13 per cent, the French authorities then intervened continuously

responded positively and immediately to the central bank's decision to raise rates. Thus far, there has been no risk of the currency falling below its floor.

"The difference between what is happening to the franc now and what happened to sterling and the lira last week is that many people agreed that they were overvalued. Both the Bundesbank and the Banque de France are solidly in favour of holding the value

of the franc," said Mr Philippe Banque Nationale de Paris, the leading state-owned bank. However, dealers said that

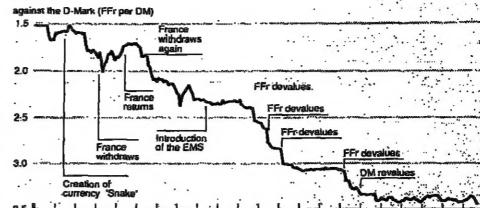
the franc could still end up being devalued in the current very turbulent currency mar-kets. They point out that: • The credibility of the EMS

was severely dented by last week's suspension of sterling and the Italian lira. "The authorities in Italy and the UK repeatedly promised that there would be no devaluation of their currencies," said Mr Jeremy Hawkins, senior economic adviser at Bank of America in London. There is no reason why the market should believe the French when they make

 The financial risks involved in selling the franc are as small as they were for sterling and the lira. A dealer could sell the French currency yesterday knowing that there was some chance of a devaluation or EMS realignment and less likelihood of the franc rallying strongly against the D-Mark.

• France's foreign currency reserves are thought to be low. They were put at \$31bn excluding gold last week. Dealers believe that France may have spent over half of this figure in

French franc



recent days. "I would not be surprised if those reserves were now in single figures,"

Dealers also believe that there are limits to how much to intervene. The German cen-tral bank spent DM60bn sup-porting sterling and the lira up to last week and, according to some analysts, has spent an additional DM30bu supporting the franc this week. Overnight rates in the German money market were as low as % per cent yesterday, reflecting the colossal quantity of D-Marks sloshing around the system.

far made clear that it stands behind the franc. After the Seven and EC finance ministers in Washington, Mr Helmut Schlesinger, the Bundesbank president, stressed that he did not regard the franc as a candi-

1971 72 73 74 75 76 77 78 79 80 81 82 83 84 85.

date for devaluation. He insisted that the French currency was fundamentally healthy and pointed out that France had a lower inflation rate than Germany and that its level of wage inflation was half the German level.

Currency speculators were "not all-conquering", Mr Schlesinger said. Speculation could only succeed when exchange rates were out of line, he added. Yesterday this belief was reflected in the joint statement of the French and German authorities which said that the central rates between

the franc and the D-mark "correctly reflect the real situation of their economies."

The Bundesbank appeared to be putting its money where its mouth was yesterday. Dealers said that it intervened to sup-port the franc in the ERM at levels above the mandatory intervention point - the first time in memory that the German central bank had voluntarily added to its currency reserves and so threatened to boost its already swollen

money supply in that way. However, the two countries' commitment to the franc has still to face the ultimate test which is whether Germany would be prepared to cut its

## proposes solution to treaty impasse

By Ivo Dawney,

A ROUTE around the legal and political obstacles now block-ing ratification of the Masstricht treaty by European Com-munity member states has been drawn up by an influen-tial London think-tank. The independent European

Policy Forum, which has close links with the British Conservative party leadership, claims to have won considerable support from the UK foreign office and Treasury. Mr Graham Mather, EPF

director, said yesterday he believed the plan will form the hasis of proposals to be submit-ted by the EC's British presidency for debate at next month's emergency heads of

Described as a protocol, it spells out a 12-clause treaty annex, couched in legal language, that would strengthen the Council of Ministers' ability to limit the policymaking

to the treaty's wording on sub-sidiarity - the principle that power should be devolved to the lowest appropriate level without requiring any tamper-

ing with the main treaty text. The EPF says its proposal aims to review the Commis-sion's ability to initiate policy or pursue its own agenda and ead, stresses its function as a civil service to the Council, supplying it with policy options. But the core of the plan centres on putting the onus on the Comm tify its policy proposals as appropriate for Community wide, as opposed to national

Among its proposals are

The Commission explain at the outset of any policy devel-opment why an initiative should be dealt with at Community level, before tabling

proposals;

• If its arguments are opposed by states controlling more than 20 per cent of the Council's

posal would drop;

• Proposals for legislation must be initiated by the Council not the Commission; and A strengthened Council secretariat be developed with stra-

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tegic planning functions.
The BPF plan is understood to be the first published text, couched in the appropriate legal language, on how to press ahead with the Meastricht treaty in a way that might convince the Danes and other Euro-sceptics to agree ratifica-

In the wake of the narrow Yes vote in the French referendum, President François Mitterrand and Chancellor Helmut Kohl agreed that some action must be taken to reassure their electorates that curbs are being placed on the Brussels bureaucrats.

However, it is far from cer-tain whether the proposals would go far enough to satisfy Opponents of the Masstricht treaty within the British Conservative party.

Protocol on the application of

subsidiarity in the European Community, European Policy Forum, 20 Queen Anne's Gatz, London SWIH 9AA

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## Britain's, or even Germany's, in the market throughout the Intervention blows Germany off M3 target

week's massive prop up the French franc will send September's German money supply figures even fur-ther out of the 1992 target range, despite money market operations to mop up liquidity,

economists said yesterday. Frankfurt dealers estimate at DM20bn the intervention needed to keep the French currency within the bands of the exchange rate mechanism in the past two days. This has been carried out by both the Bundesbank and the Bank of France, whose currency reserves have come under substantial pressure.

The sharp fall in French monetary reserves comes in the wake of the run on the currency holdings of the other weak ERM currencies in the past 10 days. At the same time, the Bank of Italy is believed to have continued discreet intervention to support the lira this week. In spite of the decision to maintain a floating rate out-

side the ERM. The Bank of Spain is estimated to have used up \$15bn, or 20 per cent of its \$70bn currency reserves, to defend the peseta during the period of currency turbulence.

Liquidity created by unprocedented D-Mark central bank sales throughout Europe will expand further Germany's already fast-growing money supply. Economists forecast an more than 10 per cent for M3, the broad monetary aggregate, this month after a higher than expected 9 per cent for August. This means there will be no

	Germany (DM bn)	(FFr bn)
Jan	95.1	91,2
Feb	95.9	102.7
March	97.3	103.8
April	98.0	105.6
May	98.7	105.7
June	96.8	104.2
July	97.6	102.9
Aug	98.0	97.7
Sap 22"	160.0	50.0

## Brady urges more co-operation

By George Graham (n Washington

MR Nicholas Brady, the US treasury secretary, yesterday called for new forms of international economic co-operation to deal with the dramatic change in the size and complexity of the world's money markets. Announcing a new study of global capital flows to be car-

ried out by the Group of Ten

industrial nations, which he

daily trading in the foreign exchange market now

approaches \$1,000bn (£584bn). "This is roughly double the total reserves of the major industrial countries and well beyond the resources governments can bring to bear in the markets," he said.

Other countries have also suggested revamping economic co-operation procedures, which recently have seemed powerless in the face of the turmoil chairs, Mr Brady noted that in forex markets.

rate cuts," said Mr Nigel Rendell. European economist at stockbrokers James Capel. "Even though the figures will be distorted, a further easing at this stage would make a mockery of the Bundesbank's linking of policy to M3." A further ERM realignment

involving a D-Mark revaluation against the franc, would enable Bundesbank would probably also want to see Bonn tighten fiscal policy.

Yesterday, the Bundesbank acted to drain funds from the money market, with more expected today. The central bank has been offering currency swaps and treasury bills at rates of 8.9 per cent for two days. It also extended maturity periods for bills and swaps due yesterday. Dealers expected the Bundesbank to offer four day bills and swaps today to last beyond the weekend.

Dealers estimated that the treasury bill sales on Monday and Tuesday took around DM16bn from the market, with the currency swaps draining a further DM10bn or more. The central bank did not offer a further securities repurchase deal to replace the DM20bn falling due yesterday. Overnight rates were down to less than 1 per cent last night.

"I doubt if they can sterilise the full effect of the intervention," said Mr Robin Hubbard, chief economist at Paribas Capital Markets. "We have to expect very poor money supply figures". Mr Rendell reckoned M3 could be up by at least a net DM20bn this month compared with DM16bn in August and DM8bn in July.

Mr Helmut Schlesinger, pres dent of the Bundesbank, gave a figure of DM60bn for ERM support efforts up to last week. The further support of the French franc has considerably

"The Bundesbank will be concerned at the scale of intervention, but will not see it as the end of the world just because one month's figures have jumped," Mr Hubbard added. However, he said this could lead it to consider "deemphasising" its reliance on M3, as other economists have

## ANXIOUS MOMENTS: a stock market trader watches the screens nervously yesterday as the franc came under heavy pressure Central bank moves to protect peseta

By Tom Surns in Madrid and David Gardner in Brussels

THE BANK of Spain yesterday announced emergency measures to protect the beleaspeculators, effectively freezing trading in the peseta in a thinly disguised reintroduction of exchange controls eight months after they were abol-

The measures, termed as technical by the central bank, force institutions purchasing foreign currency against the peseta, or buying pesetas, to deposit a sum equivalent to the transaction, interest free, with

The Bank said the action was necessary because of the volatility, speculation and disorder" in the currency markets. "The measures are absolutely temporary and will be in force solely during the period of [currency market] instabil-ity, Mr Miguel Martin, deputy governor, told a press confer-

ence last night. Mr Angel Sanchez, chief currency trader at Banco Santander de Negocios, said: "We were expecting something on these lines but the measures are much tougher than we had

In Brussels, European Commission officials said they were looking at whether the Spanish government's moves were were selling pesetas short and legally in line with its EC commitments, but would not be drawn into any premature Spanish officials in Brussels

took the more relaxed view that by the time the Commission makes up its mind, the government may have beaten ack the speculators. Irish officials in Brussels

have pointing to the relative success of Dublin's use of its remaining exchange controls, which last week and on Monday, they say, burnt some speculators who were unable to cover short positions.

The Spanish development

eign currencies, particularly to those taking one to three-day positions. Banks, both domestic and foreign, are understood to have done considerable business in recent days by buying against the peseta.

An indication of the scale of

speculation came with the Bank of Spain's additional order that the foreign exchange positions taken by domestic banks could not exceed 7 per cent of their assets. Anything above that level would also have to be matched with a deposit in a non-interest bearing Bank of

The pesets, which began trading in the EMS yesterday at Pta71 to the D-Mark, closed at Pta68, moving from the bottom to the top of the ERM grid. Analysts said, however, that the fate of the peseta remained intimately tied to that of the French franc and to the future of the EMS. The Bank of Spain was seen

to have erected a temporary awaited developments over a possible general realignment that would necessarily involve the peseta.

With its move the Bank averted raising official interest rates, which remained yesterday at 13 per cent.

## Markets may yet trump Spain's ace

Tom Burns and Peter Bruce assess reaction to the reimposition of capital controls

PAIN'S decision yesterday to reimpose capital controls less than eight months after triumphantly lifting them could damage its decade-long campaign to streamline its domestic financial markets and present itself as a modern, transparent, place

Until yesterday morning the markets might have expected the Spanish authorities to do two things to protect their currency from the speculative turmoil in European currency markets - seek an official or unofficial devaluation, or raise interest rates.

Instead, the Bank of Spain has resorted, it insists temporarily, to the administrative regulatory mechanisms reminiscent of the days when economic policy was designed to keep foreigners On the face of it, triggering such thinly-disguised exchange controls by

the Bank of Spain is a desperate

attempt to avoid the orthodox. By

introducing highly punitive measures

against all who take positions against the peseta, Madrid's monetary authorities have ostensibly fired a broadside at speculators who have been hammering the currency for a week.
"Essentially Madrid told the money

markets: 'Don't think you have got all the aces up your sleeve, we have some too'," said Ms Wendy Niffiker, chief European economist at James Capel in And according to Mr Anthony

Wands, director general of pension fund managers, Pastor Alliance, in Madrid: "The effect is that years of careful grooming of the Spanish mar-kets as they come of age has now been reversed. We are back in the stone age as a result of a transitory measure aimed at stopping those who hammer

Official interest rates in Spain stand at 13 per cent and the government is already desperately trying to staunch

Mr Pelipe Gonzalez, the prime minister, must call a general election within a year and while two weeks ago analysts were confidently predicting a fall in interest rates next year, an increase now, or a further inflationary devaluation, could seriously threaten the government's already shaky credibility.

The speculators have clearly ho in on a depressing set of Spanish fun-damentals. Leaked portions of the 1993 budget draft forecast GDP growth of just 0.7 per cent year and unemployment of more than 3m or over 20 per

entral hank intervention, meanwhile, had come to be viewed as providing the markets with a one way bet. The reasoning is that if the D-Mark zone currencies are discounted, together with the franc, because they have support and if the marginal currencies are ignored, then huge budget over-runs through a mix-ture of tax increases and spending cuts. the peseta emerges as the prized to in every speculator's viewfinder. the peseta emerges as the prized target

currency right now," said Mr Francesc Guardans, chief executive of Société

Mr Carlos Solchaga, economy minister, has taken time off from the IMF meetings he was attending in Washington to denigrate especuladores. They have become what the "gnomes of Zurich" were to Britain in the 1960s.

But investors might come back for revenge. Yesterday's Bank of Spain decision came just as a \$1.5bn Kingdom of Spain Eurobond issue began to be traded on the markets. Directors of the issue were expecting retail and instimtional purchasers in Spain but this is unlikely now.

And with the Spanish treasury needing to raise a total of \$550n before the end of the year, some \$17bn of it in net budget deficit, the markets seem to

# Générale's Madrid broking firm. The government accordingly turned on the speculators. Since the weekend,

new financing, in order to service the hold a few aces too,

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## **Industrialists** fear fresh round of devaluations

WITH the European currency turmoil showing no signs of abating, the spectre of competi-tive devaluation is starting to worry EC industrialists.

Exporters in Britain, Finland, Italy and Spain are trying to use the declining value of their domestic currencies to boost their competitive advantage on foreign markets. But if other weaker currencies, led by the French franc, fail to defend their fragile parities against the D-Mark, these gains will be eroded. This could lead to pres-sure for a further round of beggar-thy-neighbour" devaluations in which the whole of Europe would be the collective

In Britain, companies like ICL, the chemicals group, believe last week's decision to float sterling will have a strong and immediate impact on boosting exports.

But the Institute of Directors, which represents executives throughout the UK. warned yesterday that the ben-efits expected from sterling's decline would be undermined by the downward movement of other currencies such as the lira and the peseta.

The currency crisis comes at a highly sensitive time for French exporters who were, until recently, able to take advantage of the low inflation and relatively stable exchange rates to win back market

LVMH, the luxury goods group, although concerned about the possible effect of declining foreign currencies on sales in the US, the UK and italy, yesterday stressed that it prefers the stability of ERM membership to the short-term ing franc.

The country whose exports are likely to be most vulnerable to foreign devaluations is

"The west German economy has been brought to the brink of recession by the sharp appreciation of the D-Mark." of Salomon Brothers International.

Since the start of this year, the D-Mark has appreciated by more than 4 per cent against other European currencies. The D-Mark has risen 11 per cent against the lira, 10 per cent against sterling, and 7 per

#### Austria and Pöhl backs Switzerland union of say Yes strong to EEA

By Our Foreign Stati

LEGISLATURES in Austria and Switzerland have endorsed ioining the European Economic Area (REA), paving the way for eventual full membership of an enlarged European

Switzerland's upper house yesterday voted in principle by votes to two, following the backing of the lower house a month ago. Membership must be ratified in a national referendum on December 6.

The EEA treaty was signed in Oporto, Portugal, in May by the 12 EC nations and the European Free Trade Associa-tion (Effa) members - Austria, Norway, Sweden, Finland, Iceland, Switzerland and Liech-

tenstein. By extending the EC rules on free flows of people, goods, cap-ltal and services to the Effa states, the treaty creates e singie European market of 380m people, accounting for 43 per

cent of world trade. In the Austrian National Assembly on Tuesday night the treaty was adopted by deputies of the ruling Social Democrats and the conservative People's party, which control 140 seats in the 183-seat assem-

The eight-hour debate was described as stormy, with opposition to the move coming from the Freedom and Green

The treaty must still be passed by the upper house, or Rederal Assembly, and then tigned by President Thomas Riestil for full ratification. Those steps were considered a formality after Tuesday's

moil of the last week.

rency union should be aban-

doned "since it is too ambi-

tions, contains many

discrepancies, and can't be implemented anyway since the

Danes' No [in a referendum]".

Austria is the first Efta conngy to adopt the treaty.

An opinion poll three weeks ago showed 50 per cent of Swiss in favour of the EEA and 30 per cent against.

More than a quarter of Ger-

many's exports have been

affected by the recent parity

markets much tougher places in which to do business.

For export-oriented compa-

nies like those in the motor,

engineering, electrical, chemi-cal, and steel sectors, this puts

a sharp extra squeeze on mar-

gins.

The decline in the lira, for

instance, will have a clear

effect on exports of the Volks-

wagen car group. Its sales to

Italy account for nearly as many VW exports as the UK

and France combined.

will be much

tougher just as

the unification

boom has ended

In the UK, BMW says its

prices will have to rise next year because of the pound's

devaluation. Like VW, most of its sales are in western Europe.

Mr Keith Hayes, motor industry analyst at Nomura Research in London, reckons

volume car makers like VW

will find it hard to pass on all

of the devaluation to custom

extensive revaluation'

it could get worse.

Export markets



UNDER FIRE: Commission president Jacques Delors walks past the EC flag in Brussels yesterday

## Danes propose supplementary text to treaty

By Hilary Barnes in

THE Danish government yesterday proposed adding a supplementary text to the Maastricht treaty, in an attempt to overcome Danish voters' objections about the Community's democratic short-

Mr Poul Schlüter, the prime minister, said the government was not seeking to renegotiate the basic agreement, which the electorate rejected in a referendum in June.

But the new text, to be necotiated with the other 11 members of the EC, would form a binding supplement to the treaty. The time needed to formulate the proposals, aimed at reducing centralisation and making the Community more open and democratic, could delay until next autumn a planned new Danish referen-

Denmark is proposing the text should clarify the applica-tion of subsidiarity, under which decisions should be

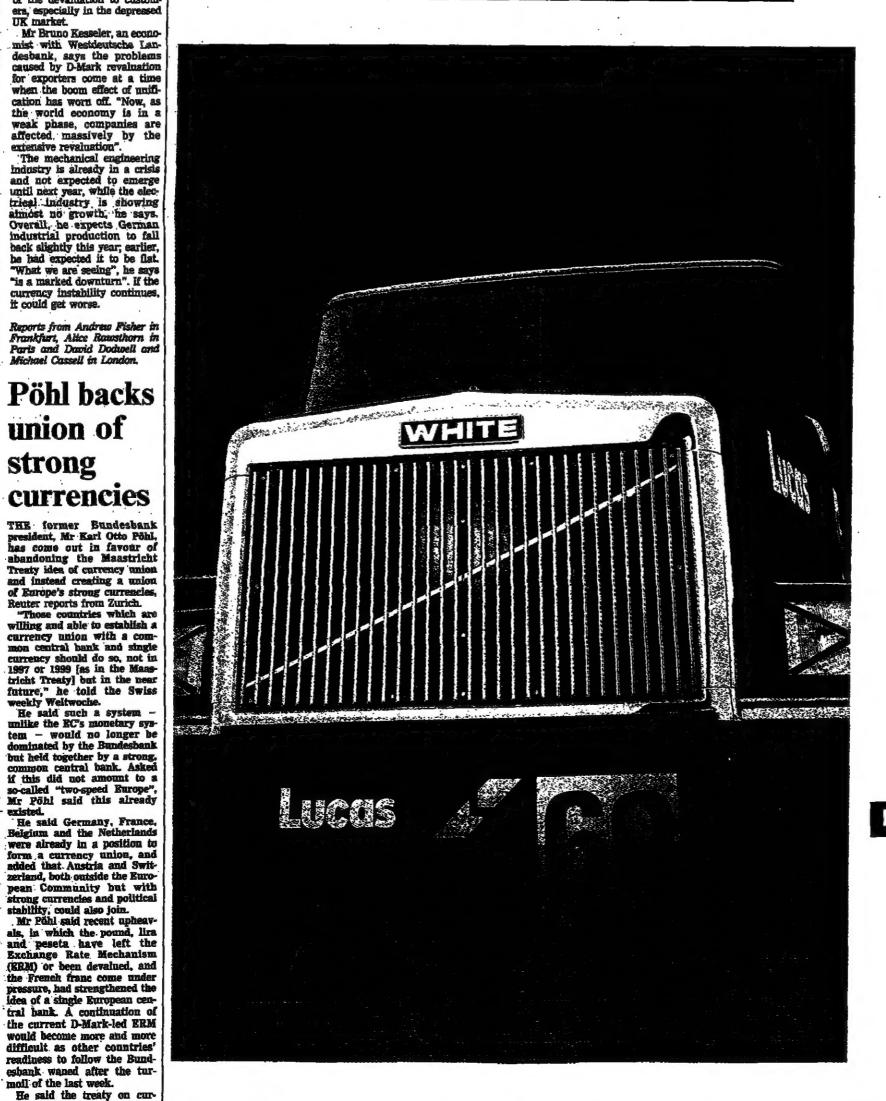
made at the lowest practicable level of government. The government also wants more control over the European Commission, and more openess on

Community legislation. A further suggestion is to open to the public meetings of the European Council.

Mr Schlüter stressed Denmark's proposals would address issues which are problems in other EC countries. "It is not good enough to develop the European Community along lines which perhaps 40 or 50 per cent of our people dislike," he said, referring to the narrow pro-Maastricht majority in Sunday's vote in

France.
In the planned second referendum, the government will special reservations to aspects of the treaty, Mr Schlüter. These will set out Denmark's desire to hold back from participation in a common European defence, and in the final stage of economic and monetary union. He left open the legal status of the supplement.

## EATS LAPS. SIPS FUEL.



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MR YEGOR GAIDAR, the acting Russian prime minister, yesterday said his government would "fight as long as we can" for radical reform.

In an interview with the Financial Times, he said he would not compromise with the powerful centrist forces who are urging an end to the reform programme in favour of an "anti-crisis" package to sup-

port industry.

Mr Arkady Volsky, head of the Union of Industrialists and Entrepreneurs, warned yesterday that "the government cannot carry out reform with the opposition of business - it's nonsense". Mr Gaidar said:

some things, such as on defence conversion. But we will not compromise on whether or not we will go for-

ward to a market economy".

Mr Gaidar was speaking the day after challenging the parliament with a speech promising a return to the harsh monetary discipline of the first quarter of this year.

The government would still face calls for its resignation, Mr Gaidar said, even though Mr Ruslan Khasbulatov, the speaker, and a bitter foe of government policy, on this occa-sion had deflected opposition

The hard-pressed Russian premier sets out his rency. In the past week, credits advanced to Ukraine of around Rhs100hn had "pushed up inflamarket economy programme to John Lloyd

dence. This had not defused the struggle but only post-poned it. "We will see how the situation develops. We now to bring inflation down to single monthly figures and to confine the budget deficit to 5 per cent of GDP by the end of the face very tough opposition in

The prime minister acknowledged that tough limits on credits would cause bankruptcles - and he forecast a bitter bankruptcy law.

As evidence of the governdar said it "might be possible"

year, as he had pledged to the International Monetary Fund. inflation is running at between 20 and 25 per cent a month and the budget deficit is estimated at between 14 and 17 per cent

in a strong plea to the west for debt rescheduling, Mr Gai-dar said Russia could pay at most \$2.5bn (£1.5bn) of debt

year. "We appreciate there are serious problems, particularly with the Germans who are owed the most. We are negotiating. It is absolutely crucial to

He outlined the three main areas of work in restoring order to the chaotic finances. First, he would negotiate the exit from the rouble zone of those former Soviet republics - in particular Ukraine - who

tion to new heights".

The government has frozen all monetary transactions between the two republics. Mr Gaidar said "we had no choice. We are not in a position to grant unlimited credits to third parties". He said he was working on the assumption Ukraine would create a new currency, as agreed, on October 1.

Second, Mr Gaidar would work intensively" with Mr Victor Gerashchenko, the central bank acting chairman, to reduce credits to enterprises. "The actions taken by the cenbeen dangerous, but I do not think it wants to undermine

the financial policy".
Third, privatisation of big state enterprises would be pushed ahead, and extra resources made available to the privatisation committee. We have terrible legal problems here, a lack of qualified staff. But so far we are on schedule". Some 7m privatisation vouchers, each worth Rbs10,000, have been delivered. Mr Anatoly Chubais, the pri-vatisation minister, said yes-

terday that success in this area would make the reforms irre-

## Bonn in move to bolster east

By Christopher Parket

THE German cabinet yesterday launched an emergency programme to prop up the east's fragile industrial base and protect 400,000 jobs. The scheme includes subsidised financing for foreign construction contracts and the extension of export credit guarantees to barter deals with east European customers who are chronically short of

foreign exchange. Bonn has also promised to double federal purchases from east German companies and pay premium prices for goods and services.

The main aims are to main tain the former GDR's export links with eastern Europe and the former Soviet Union and to open up new markets in western countries.

However, Mr Järgen Möllemann, economics minister, who proposed the scheme, was told it must be financed out of existing resources. Chancellor Helmut Kohl said on Tuesday that current annual transfers from the west of DM150bn (£59bn) marked the limit.

Mr Möllemann had claime earlier that his proposals would need more than DM10bn a year. However, under the stern eye of the Bundesbank, the government is committed to a public

Spending freeze.
Approval of the scheme coincided with an appeal for action from the federation of German industry (BDI). The existence of the east's entire capital goods industry - which accounted for 38 per cent of total industrial sales - was in danger, it said.

Western companies, meanwhile, were concerned that falling production and order intake in their factories sig-nalled further economic weakening, the BDI said. The effects of the sluggish recovery in export markets had been exacerbated by a 10 per cent Increase in unit labour costs since 1990 and the recent appreciation of the D-Mark.

It was becoming increasingly difficult for them to con-template investing in the east.

## Permanent UN seat sought by Germany

GERMANY will seek a permanent seat on the United Nations Security Council, if a change in the council's composition is considered by the member states, Mr Klaus Kin-kel, German foreign minister,

said here yesterday. However, he made it clear in a speech to the UN General Assembly that Germany would not take the initiative on this matter, but that it would wait until it came up in the context of future discussions on reform of the Security Council.

Reform of the council, whose permanent membership - the US, Russia, China, the UK and France - reflects the immediate post-second world war situation and does not take account of more recent international developments, has become a subject of growing public interest with the rise of major new powers such as Germany

Britain and France are opposed to any change in the council's composition for the moment because it would make it more unwieldy and less effective. They have been particularly dismissive of the suggestion that they should give up their own seats in favour of a single EC seat.

## **Battle lines** drawn among Serb leaders

By Judy Dempsey in Belgrade and Robert Mauthner at the UN in New York

THE decision by the United Nations to exclude the rump Yugoslav federation from the general assembly will sharpen the divisions inside Serbia and could decide the fate of Prime Minister Milan Panic, his advi-

sers said yesterday. The UN resolution went through late on Tuesday night by an overwhelming majority in the general assembly. Its aim is to put pressure on the Belgrade government to end its support of Serbian militia forces fighting against Bosnian Moslem forces in Bosnia-Hercegovina and to co-operate with the UN and European Community efforts in bringing peace. The resolution made clear that the Belgrade government must reapply for mem-bership of the UN.

Mr Panic, who earlier this week pleaded with western governments in New York not to "undermine a man of peace", faces renewed criticism from hard-line Serb nationalists who call the Californian businessman a "traitor".

Behind the criticism levelled at Mr Panic in the socialistdominated federal parliament. trolled by Serbian president Slobodan Milosevic, the political battle lines are being drawn between the two men. On Mr Panic's side is General Zivota Panic, the army's chief of staff; the fractured urban democratic opposition; and young entrepreneurs. So far, the military has supported Mr Panic in the belief that he can turn the army into a pro-

fessional institution Mr Milosevic, now rarely seen in public, is flanked by Mr far right-wing radical party, state-run factory managers.

French referendum on

Maastricht, the run-up

to this Sunday's six plebiscites

in Switzerland is singularly

most of the issues, such as

whether being a federal parlia-

mentarian should be a full-time job. bore even the

But one of them, on the con-struction of two new high-speed rail lines through

the country, will have a large

and long-term impact on not

only Switzerland's but also

The proposal, to invest a

whopping SFr14.9bn (£6.4bn)

on two rail tunnels through

the Alps and related infrastruc-

ture, was the Swiss govern-

Europe's transport policy.

And it must be said that

lacking in drama.

Earlier this week, Mr Seselj accused Mr Panic of manipulating the army into agreeing to the UN peace plan to with-draw its forces from Prevlaka, a large strategic military base on Croatia's Dalmatian coast. In this way Mr Seselj hopes to win over a section of the army.

"The army's support for Panic is crucial," said a UN diplomat. "It could still go either way. It could even stage a coup if Serbia lapsed into anarchy.

Sandwiched between the two sides is Mr Dobrica Coslc, a respected writer, and president of Yugoslavia. Once Mr Milosevic's mentor - he drew up the blueprint for a greater believes the Milosevic policies have brought only shame and ruin to the Serbian people.

By throwing his considerable authority behind Mr Panic, Mr Cosic hopes this will attract public support, isolate Mr Milosevic and lead to the lifting of

But Mr Seselj and his fanatical nationalist supporters are determined to use Mr Panic's failure to get sanctions lifted, or prevent Yugoslavia from being excluded from the general assembly, as a means of

Mr Panic is gaining grudging support inside Serbia, largely because more Serbs believe there is no practical alternative to him. "Mr Panic is beholden to no one here. He is an independent actor who has dared to do what we have never done: stand up to the thugs around Milosevic," said a Belgrade economist.

"But what he needs is con-trol of the television. If he achieves this, he has won the first battle. That is only the beginning, I fear the Balkan intriguers might yet devour

to its European neighbours

who were fed up with the coun-

try's severe restrictions on

weights to 28 tonnes, whereas

with 40-tonne loads. Rather

than lighten loads at the Swiss

border, truckers prefer to

travel through the Brenner

pass in Austria or one of three

passes between France and

The result, to the increasing

anger of the Austrians and French, is that Switzerland

absorbs less than a fifth of

north-south trans-Alpine

narrow Alpine valleys cannot

take much more lorry traffic,

The Swiss insist that their

Switzerland restricts lotty

OMPARED with the ment's counter-offer last year

lotry transit.



A WRECKED camp site in Vaison La Romaine after floods swept south-east France on Tuesday night. At least 29 people died — 21 around Vaison — and an unknown number were missing. In Italy two people died in a storm at Savona, while storms brought floods to part of Britain.

## Sweden mired in recession | Confidence vote

SWEDEN remains deep in recession with a 1.2 per cent drop in gross national product in the first half of the year, figures published yesterday show. The economy is expected to show negative growth for the second successive year.

Swiss hold key to EC's transport policy

The Swiss have

a vital decision to

make on Sunday,

writes Ian Rodger

and last year they won EC

agreement for their plan to build an efficient, high speed rail system for piggy-backing lorry loads through the coun-

Many hope that this approach will eventually be

adopted more widely in

Europe, easing the pressure on motorways and contributing to

the overall reduction of air pol-

In 1991, Sweden's gross national product declined by 1.1 per cent. The country has now experienced seven consecutive quarters of negative growth. There was a 1.9 per cent drop in GNP in the first quarter followed by a more

Gross fixed investment declined by 6.5 per cent in the first six months, with industrial investment down 8 per cent. Local authority investment fell 5 per cent. In 1991 gross fixed investment fell 7.3

Industrial production declined by 1.5 per cent with a 4 per cent fall in manufacturing. This follows a 5.4 per cent decline in industrial output for the whole of last year. Manufacturing plant capacity use was down to 81.7 per cent in the second quarter of 1992.

trum in Switzerland, even

though the cost frightens many

people. The government has

warned that rejection would mean that Switzerland could

no longer hold back the EC's 40

But the Greens object

because they say it only pro-motes the already excessive

transport of goods between EC

countries. On the right, the Automobile Party fears that all

that spending on rail transport

will take away from budgets

for improving Swiss roads. The treaty between Switzer-

land and the EC that contains

the tunnel proposal also

includes a new airline agree-

ment that would give Swissair rights similar to EC-based car-

riers in EC countries. And the

modest 0.5 per cent decline in the April-June period.

There was a 3 per cent decline in the total number of hours in the total number of hours worked and a 4 per cent conworked and a 4 per cent con-traction in employment during the first half of the year.

The slump is also hitting living standards. Households had a 0.5 per cent decline in dispos-able incomes and there was a 1 per cent drop in private consumption after a 1.2 per cent improvement last year.

There was a 16 per cent drop in car sales in the first six months and there was also a sharp 8 per cent decline in the acquisition of household goods such as furniture and home

received a vigorous last minute

boost this week from Swissair

directors, who claim that it is

vital for the airline's survival.

abolishing stamp duties on

the past, Swiss ministers dis-

missed the banks' warnings

that these duties were driving

But Swiss-controlled mutual funds based in Luxembourg

totalled SFr179bn at the end of

last year compared with only SFr34bn in Switzerland. And,

for the first time in a decade,

the number of people employed in banking declined.

Now the government is call-ing for abolition and even the

socialist party is divided and

Another referendum is on

#### announced last Thursday. The aim is to accelerate the normally lengthy process of parliamentary approval and to rally support for his four-party coalition government. He has already used this device to good effect to force through his July emergency economic package raising L30,000bn (£13.9bn) in fresh revenues and spending cuts.

ITALIAN prime minister

Gluliano Amato is planning to call a vote of confidence in par-

liament on the 1993 budget

The new vote of confidence underlines Mr Amato's strat-egy of demonstrating to a fractious parliament that, if his two-and-a-half-month-old government falls, the country would face unprecedented political chaos and damaging loss of international confidence. The Socialist premier's coalition of Christian Democrats, Socialists, Social Democrats and Liberals has a narrow 16-seat majority in the Chamber of Deputies.
The 1993 budget proposes to

raise L93,000bn in new taxes and expenditure cuts in order to hold the public sector deficit lown to L150,000bn, equivalent to over 10.5 per cent of GDP. The proposals, which include cuts in the health service, new wealth taxes, a cap on pensions and a freeze on public sector employment, have provoked protests from almost every seg-

day of a series of rolling regional four-hour general strikes, called by the three main trades union confederations and these could foreshadow a national general strike. Union leaders are due to meet the prime minister on Friday, the second time this week. The government appears amendments, largely related to ironing out anomalies or catering for proven hardship cases

No timetable has been fixed for the vote of confidence which has to be in both houses of parliament. The government must wait until next week when the Chamber is expected to endorse the Senate's vote giving the executive power to reform pensions, the health service, local administration and the civil service - reforms central to the 1993 budget.
The speed with which the

such as certain categories of

budget is approved and the extent of amendments is closely linked to the credibility of Italy re-entering the Euro-pean Monetary System.

Seven local politicians in

Rome were arrested yesterday on allegations of taking billions of lira in bribes from a Milanese railway equipment maker. The arrests follow months of investigations into the accounts of Socimi, a Milan-based engineering group specialising in railway and transport equipment.

# THE UNIVERSITY OF NOTTINGHAM

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## **Environmental** groups invited to OECD talks

By David Dodwell, World Trade Editor

ENVIRONMENT campaigners from across the industrial world meet OECD officials in Paris today in what many regard as a last ditch bid to get the Uruguay Round of talks on world trade liberalisation to take proper account of their environmental priorities.

In an unprecedented move. the OECD has invited three environmental lobby groups from each of its 24 member countries for two days of private meetings with govern-ment delegations on its Trade and Environment Committees. UK environmentalists will be represented by campaigners from Greenneace, the Worldwide Fund for Nature, and

Safe, a consumer group. The gesture provides belated recognition of the influence of environmental groups, particu-larly in the US. It also implies recognition of environmentalists' calls for curbs on unfettered free trade.

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The meeting follows private consultations last week by officials at the Geneva-based General Agreement on Tariffs and Trade (Gatt) with a number of environmental groups.

The draft Uruguay Round agreement, stalled for a year by disagreements between the US and the EC over reform of farm trade, takes no account of environmental issues.

Negotiators acknowledge that trade policies can have potent environmental implications, but have argued consistently that the Uruguay Round agreement would be indefinitely stalled if they attempted

at this late stage to bring such issues on board. The environment along with competition

trade rules are so pressing that they cannot be deferred until after the Uruguay Round is

· A challenge to the "holy

grail" of trade economists that falling trade barriers lead automatically to growth, which in turn leads to a better environ-• The right of governments in

measures forcing higher standards on trading partners. Trade officials, and a number of third world governments, see this as "eco-imperialism". The right of governments to bar imports manufactured by processes not regarded as environmentally sound.

mental standards as minimum requirements, rather than ceil-ings to be aimed for. · Environmental campaig

will be pressing for the Multilateral Trade Organisation, which the Uruguay Round pro-poses to set up as a powerful body to police international trade, should go beyond a commitment to seek "sustainable development", to giving envi-ronmental aims at least equal priority to trade objectives by means of "environmental

## Estonian ventures launched

ASEA - Brown Boveri. Swedish-Swiss engineering group, announced yesterday creation of two joint ventures in Estonia and the opening of an office for its Estonian subsidiary in Tallinn, the Baltic republic's capital, Robert Taylor reports from Stockholm.

 ABB Harju Elekter which will manufacture and sell lowand medium-voltage switchgear to the Baltic area and A/S ABB Fläkt Estonia will

produce and market air condi-tioning components.

policy are set to be the two principal "post-Uruguay Round" issues. Lobbyists have argued that environmental problems linked with present international

The issues of most pressing concern over the next two days are expected to be:

environmentally. "progressive" countries to take unilateral

The enforcement of environ-

## Israelis optimistic over US aid packages

Military co-operation and ratification of \$10bn in loan guarantees look likely, Hugh Carnegy reports

SRAEL is confident of securing two substantial economic and military aid packages from the US in the next two weeks which would consolidate its position as the biggest recipient of US foreign assistance. Congressional ratification of \$10bn

in loan guarantees - attached to the 1993 fiscal year foreign aid bill which includes \$3bn in direct economic and military grants for Israel - is expected

Israeli defence officials are mean-while negotiating a military co-operation package with the Pentagon aimed at retaining Israel's technological edge over its Arab neighbours and which is likely to include a US commitment to preposition military equipment in the country. The talks follow the Bush administration's decision to sell up to 72 advanced F-15 fighters to Saudi Arabia. Israel and its supporters in the US see the military talks as evidence that

the US-Israel relationship, frayed last year by political differences between the Bush administration and Mr Yitzhak Shamir's Likud government, has been fully restored since Mr Yitzhak Rabin's election as prime minister last June.

Israel and its backers reject suggestions that the extra aid has been provided to help Mr Bush recoup support



ARAB YOUTH PROTESTS: Young Palestinians at Ein-el Hilweh refugee camp in south Lebanon monstrate yesterday against the Arab-Israeli peace talks. Tyres burn in the background

among American Jewish voters before the November presidential election. They signify a fundamental understanding of Israel's needs, not just election politics," said one lobbyist.

Policy analysts in Washington agree the underlying relationship with Israel is strong. Although its Cold War role of bulwark against Soviet influence in the Middle East has gone, they say the US values strategic and political co-operation with Israel in what remains an unstable

region. But there are signals in the US that the historically high levels of financial assistance to Israel may be threatened by Washington's general budgetary pressures.

One American participant in a recent seminar for senior US and Israeli policymakers said: "There were stark messages for Israel. The [US] willingness to regard the aid to Israel as an entitlement has disappeared. It is too attractive a target not

for the next year at least. The 1993 foreign aid bill includes \$1.8bn in military aid and \$1.2bn in economic aid from total foreign aid spending of \$13bn. These totals are non-repayable grants paid up front, allowing Israel to earn interest on them.

The loan guarantees provide the full amount requested by Israel to help it absorb Jewish immigrants from the former Soviet Union. The US president can, under the terms of the guarantees, subtract amounts spent on Jewish settlements in the occupie territories. Other conditions are fairly loose, including no specific requirements for structural reforms to

Israel's economy.

The US offered the total of \$10bn which is just \$2bn short of the total value of US-provided guarantees to all Arab countries in the last five years . despite Israel's admission that o recent slowdown in the rate of immigration means it may not need to bor-

The guarantees enable Israel to borrow on preferential terms. Israeli officials are pleased that the level of risk capital which must be set aside in the US budget to underpin the guarantees was set at 4.5 per cent, not 7 per cent as originally proposed by US officials.

Israel has agreed to pay this amount. The military co-operation deal under negotiation is expected to detail the transfer of \$700m in used US equipment to Israel and \$300m in pre-

positioned US equipment.

The deal is likely to cover greater co-operation in both intelligence and early warning, along with develop-ment of high-tech weaponry. Israel is also seeking to spend more of its US military aid on domestically produced weapons to bolster its hard-pressed military industries.

## US seeks Gatt ruling in oilseed row

By Frances Williams

THE US has asked the General Agreement on Tariffs and Trade (Gatt) to rule on how much the European Commu-nity must compensate trading partners for lost exports due to RC subsidies on oilseeds.

The request for an arbitration panel, which will be considered by Gatt's governing council on September 29, sug- the "quad" countries - US, EC,

gests the US wants a further Japan and Canada - met in breathing space before unleashing its threatened trade sanctions against \$1bn worth of EC food and drink imports. Retaliation from Brussels would precipitate a damaging trade war just when the two sides are hoping to finalise a deal on farm trade, including oilseeds, within the Uruguay Round of global trade talks. Senior trade officials from

Geneva yesterday to assess prospects for the round. Nego tiators had hoped for a deal in the "window of opportunity" between the French referendum on Maastricht and the US elections on November 3, unlocking the round for completion early in 1993. This has now been clouded by the narrow French Yes vote last Sunday and President Bush's poor showing in the opinion polls.

If established, the Gatt panel would have 30 days to come up with a binding estimate of lost oilseeds trade which would serve as the basis for EC compensation or, failing accord, retaliation by trading partners. The US says it and nine other producers of oilseeds, such as sovabeans, sunflower seed and colza, are losing \$2bn a year from lower sales in the EC market. The EC has put the

## student survival league

Britain ahead in OECD

By Andrew Adords

courses.

BRITAIN, with one of industrialised world's lowest proportion of 18-year-olds going to universities, has the highest rate of student survival with 94 per cent finishing their

Figures released yesterday by the Organisation for Economic Co-operation and Development (OECD) show that Japanese and German students survive almost as well with a far higher proportion entering universities at 25 per cent and 20 per cent respectively.

"In general, there is apparently only a weak relationship between the number of students entering the university system and the proportion eventually graduating," con-clude the OECD.

Spanish students starting

Universities: how countries compare 1988 rate (%)" rate (%)" Neth'lands

them, while among Italians the proportion fell to under a third. University spending in the developed world ranged in 1988 from \$1,300 to \$5,700 per student. Lowest spending is in Ireland, Portugal and Spain, Luxembourg and Norway.

## East Europe free trade zone plan dropped while the relationship between the Czech eral agreements rather than as the coher-

HUNGARY and Poland have shelved plans for a central-east European free trade zone with Czechoslovakia in favour of a separate bilateral agreement. Mr Jozsef Antall and Mrs Hanna Such-

ocka, the Hungarian and Polish prime ministers, decided yesterday in Budapest to press ahead alone with liberalisation

lands and Slovakia remains unclear. The two leaders said their goal was bilateral free trade from the start of next year, followed only later by individual agreements with the two halves of Czecho-

Hungary and Poland are treating the Visegrad grouping of central-east European countries as a framework for bilat-

The latest move leaves the Central European Co-operation Council, the regional economic grouping launched in April, up in the air. One of the CECCs first decision

was to press ahead with the formation of a Barely half of French and free-trade zone covering the three countries in the second half of this year. degree courses completed

#### THE NATIONAL EXECUTIVE POWER MINISTRY OF ECONOMY AND PUBLIC WORKS AND UTILITIES SECRETARIAT FOR ENERGY

CALL FOR INTERNATIONAL PUBLIC COMPETITIVE BID NR. UESTY 01/92

Yacyretá Transmission System - Interconection in 500 kV between Yacyretá Hydroelectric Plant and Resistencia Transforming Station.

The National Executive Power (Secretariat for Energy) through Yacyretá Transmission System Special Unit (UESTY - Decree № 1174/92) calls for International Competitive Bid to award a Contract for the Construction, Operation and Maintenance of the first electric linking in 500 kV between Yacyretá Hydroelectric Plant (Province of Corrientes) and Resistencia Transforming Station (Province of Chaco).

**OBJECT:** This Bid object is contracting the Construction, Operation and Maintenance, supplying all necessary materials and equipment, for the works and services on that electropipeline, consideration for contractor consisting of a monthly Rate for availab ility of such interconnection during fifteen (15) years and, therein after, payment of such Compensation as then prevails for electric power transport service provision, which shall be paid by the E.T.E.A.T. (Company in charge of Electric Power Transport in block, already privatized), duly guaranteed.

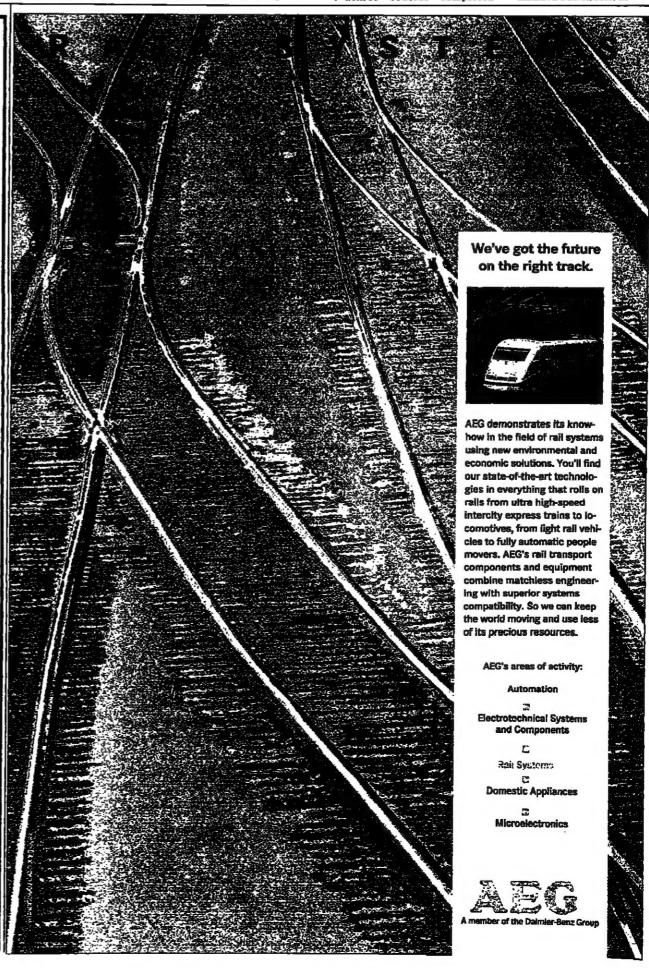
DATE FOR SUBMITTING ENVELOPES Nº 1 AND Nº 2 AND OPENING ENVELOPE Nº 1: October 30, 1992 at 12.00 a.m., at UESTY's Office.

BIDDING GENERAL CONDITIONS SALES AND ENQUIRIES: Unidad Especial Sistema de Transmisión Yacyretá - Secretaría de Energía Eléctrica. 942 E. Madero Ave. - 1st. Floor - Buenos Aires.

**CHARACTERISTICS OF BIDDING GENERAL CONDITIONS:** They include pertinent technical documentation.

VALUE OF BIDDING GENERAL CONDITIONS: Pesos twelve thousand (\$ 12,000).

TIMETABLE FOR BIDDING GENERAL CONDITIONS SALES AND ENQUIRIES: Mondays through Fridays, from 11 a.m. to 06.00 p.m., as of September 10, 1992.



AN investigation by Taiwan authorities into an estimated T\$Sbn (£184.5m) of stock defaults has intensified with the detention yesterday of four market players in connection with illegal lending and other securities offences.

Two of the four - both renowned as "big hands" were later released on bail.

The move follows the arrest last Sunday of Mr Lei Po-lung, another of the market's big players, which sent share prices tumbling 6 per cent by Monday's close. Mr Lei is alleged to be responsible for at least some of the defaulted charged with breach of securities trading laws.

The defaults are thought to be linked to Huaion, the textile and insurance group which was allegedly involved in an insider trading scandal last year. Mr Lei has claimed he purchased stocks on behalf of the group, which they then failed to pay him for.

Within the past two weeks

es aimed at stabilising he battered market.

Taiwan's Securitles and Exchange Commission (SEC) said last week it would tighten trading regulations, and the central bank eased its policy on remittances into the coun-try by foreign institutions for investment in equities.

A remittance by Fidelity Investments of US\$60m (£35m) was approved last week; the bank then approved a US\$50m application by Pierson Heldring and Pierson of the Netherlands on Tuesday. The SEC has said other applications would be considered speedily.

Analysts say these steps will

do little in the short term to improve investor confidence, already damaged by the arrest on September 10 of Mr Weng Ta-ming, the ailing head of Hualon, for his alleged involvement in a T\$600m insider dealing scandal

Although the market made a slight recovery yesterday, stocks previously associated with Hualon have repeatedly fallen this week by the permitted 7 per cent daily limit.

Japanese tourists to pay for the chance to see democracy in operation | UN peace

## 'Real US' on offer in political package tour

A TOKYO travel agency has launched a group tour for Japanese who want to see how democracy works or, at least, to see how a US presidential election is conducted.

In eight politics-packed days the tourists will view the site of President John F. Kennedy's assassination, marvel at Democratic candidate Bill Clinton's campaign office in Arkansas and see the sights of the Cable News Network (CNN) studios in Washington.

The climax will come on poll-

ing day, November 3, when the travellers are promised a frontrow seat at the unfolding of history. As the brochure puts it, they will experience "the real America" and see "something completely unlike Japanese politics". Mr Hideo Soshi, sales man-

ager at Pacific Tour Systems, said the strongest selling point for the tour, a pricey Y598,000 (£2,900), is the opportunity to view close up a political sys-

general election in which the Demo-

crats won the largest number of parlia-

The appointment of Mr Chuan, 54, a

mild-mannered career politician

admired for his integrity, follows two years of political instability embracing

the military coup d'etat of February 1991 and the killing of at least 50 pro-

May this year.

Foreign investors and local businessmen have welcomed Mr Chuan's vic-

tory, but few political commentators

believe his fragile parliamentary coali-tion will heed his calls for unity and

survive intact until the end of the gov-

The Democrats and three allied politi-

cal parties opposed to the armed forces'

ernment's four-vear term.

ocracy demonstrators by troops in

mentary seats.

"Our system is grey and unclear. In the US, politics is vivid and clear. Many Japanese are interested in seeing the real America and America seems to be at its most real

Whether attracted by the real or the surreal, in the two days the US Presidential Election Tour has been advertised 10 people have applied for the 20 vacancies. Mr Soshi views the response as vindication of our unique, distinguished con-

Japanese politics is certainly passing through one of its greyer phases, which could be an incentive to take a tour of the US political system. Since late last month Mr Shin Kanemaru, the country's most powerful politician, has refused to let prosecutors question him over a possibly illegal Y500m donation from a parcel delivery company.

The prosecutors gave the "godfather" of the ruling Libtoday to appear at their office, although Mr Kanemaru has not left his house. He apparently keeps fit by walking his dog up and down the stairs, and amuses himself by playing mah-jong, the Chinese game of

Meanwhile, Mr Kiichi Miyazawa, the prime minister whom Mr Kanemaru claims to have appointed, is as much a spectator of events as will be the Japanese on the US Presi-dential Election Tour. He has made no public statement on the fate of Mr Kanemaru, who now holds no official title but still presides over the party's

largest faction.
Shrouded in this "greyness", Japanese politics remains off the tourist track. But, as Pacific Tour Systems promises in its brochure, with its close-up of the White House and of Bill Clinton on the telephone "the whole world will be watching" Washington on election night, and "you will be



A policeman stops a student holding a cut-out head depicting Shin Kanemaru, who has refused to let prosecu-tors question him over a possibly illegal donation

# in trouble

By Michael Littlejohns, UN orrespondent, in New York

Cambodia

plan for

UNITED NATIONS efforts to ensure free elections in Cambodia are in trouble because of the "persistent failure" of the Khmer Rouge guerrilla group to abide by peace agreements reached in Paris, Mr Boutros Boutros Ghali, UN sec-retary-general, said yesterday. In a report to the Security

Council he voiced serious concern over the continuing refusal of the Khmer Rouge to allow UN military and civilian personnel access to the zones it controls. Its forces still eluded demobilisation, he added. Mr Boutros Chali suggested

the co-chairmen of the Paris conference the French and Indonesian foreign ministers hold talks to find a way out of what he acknowledged is an impasse. If this proved impossible they could explore "appropriate steps" to ensure realisation of the fundamental objectives of the accord.

With a budget of \$1.9bn (£1.11bn) the UN operation, begun last November with great fanfare, is the most ambi-tious of its kind. From the start the Khmer Rouge, the country's largest guerrilla army, was reluctant to co-operate.

"It is clear the time is approaching when some diffi-cult decisions regarding ways and means of pursuing this operation will have to be con-sidered," Mr Boutros Ghali wrote in a gloomy account of the situation.

The Khmer Rouge leadership must be told of the UN's resolve to implement its peacekeeping mandates "vigorously and to the full". To that end the Security Council might want to take further action to emphasise the international community's determination to bring peace to Cambodia and enable its people to look to a

better future. • The UN peace-keeping authority in Cambodia is to take direct control of the country's central bank, a spokes-man for the world body said yesterday, Renter adds from

## Iran and UAE seek to defuse island dispute

IRAN and the United Arab Emirates have agreed to hold talks over the island of Abu Musa in an attempt to defuse a tense dispute over control of the territory, writes Mark Nicholson, Middle East Corre-

Senior Foreign Ministry offi-cials from both countries are due to meet in Abu Dhabi on Sunday in the first direct attempt to conciliate in a row which broke in April when the UAE accused fran of annexing the island.

The UAE also accused Tehran of expelling hundreds of the emirates' nationals from the island and said it was in

under which Sharjah claimed sovereignty over the island, on which Tehran was permitted to station a garrison.

The island, with a population of less than 2,000, commands the Gulf's main shipping lanes between the coast of Iran and Sharlah.

Iran said on September 10 is was the sole owner of the island. The declaration prompted condemnations of Tehran's "aggression" from the Arab League and the Gulf Co-operation Council, comprising Saudi Arabia, UAE Kuwait, Oman, Bahrain and

finalising his cabinet By Victor Mallet in Bangkok action in May won only a slim majority in the election, forcing Mr MR Chuan Leekpai, leader of the Chuan to bring in the pro-military Democrat party, became prime minister Social Action party as a fifth coalition of Thailand yesterday, 10 days after the

Thailand's new premier

"I fully realise that, from this minute the task facing me is great and limitless," Mr Chuan said after receiving a royal decree naming him prime min-

Negotiations were continuing last night on the final shape of Mr Chuan's cabinet. Mr Tarrin Nimmanahaeminda president of Siam Commercial Bank, said he had agreed to become finance

Mr Chamlong Srimusog, the anticorruption campaigner who led the street protests in May and heads the Palang Dharma (Moral Force) party, has so far declined to accept the prof fered portfolio of transport and commu nications, a notorious source of corrupt earnings for politicians in previous

## Indonesia denies piracy link in ships' collision

By William Keeling in Jakarta

INDONESIA has denied reports that pirates were involved in a collision last weekend between an oil tanker and a container ship in the Strait of Malacca, which divides the Indonesian island of Sumatra and the Malay peninsula.

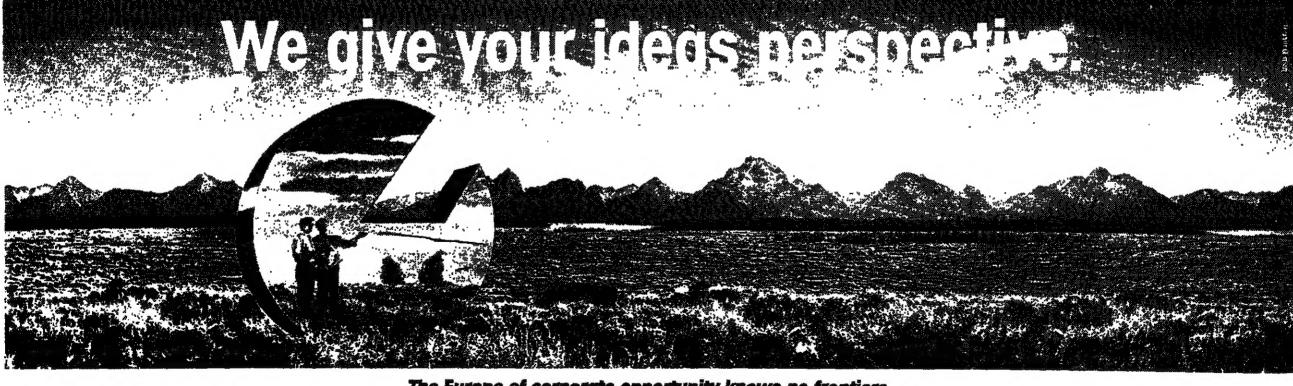
The collision left one person dead, 29 nissing and a huge oil slick in one of the world's busiest shipping channels. An Indonesian team yesterday boarded the Nagasaki Spirit, a 96,000 toune Liberian registered tanker, and the Ocean Blessing, a Panamanian-reg-

istered container ship. Concern over the involvement of pirates followed the release by Orient Overseas Container Line, the Hong Kong operators of the container, of their captain's last radio message: "We're being fired upon and have a fire on board in several of the tanks. We're abandoning ship. No more time for

Rear Admiral Yusuf Effendi, the Indonesian naval commander co-ordinating rescue operations, has dismissed a link with piracy. He said the collision occurred at the widest point of the strait where ships cruise at normal speed, making it difficult for pirates to board. The channel, however, is notorious for piracy, with more than 100 incldents in the first half of the year.

• Indonesia will refuse passage to a proposed shipment of about a tonne of radioactive plutonium from France to Japan. Details of the shipment's timing and route on board a Japanese vessel have not been released.

"We have clarification from the Japanese government that security steps would be taken [to protect the ship-ment]...but an accident may happen at any time," a foreign ministry spokesman said. However, the quickest route for the shipment would be through the Strait of Malacca, to which Indonesia cannot legally deny access.



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## IMF to support Brazilian debt revision with commercial banks

By Stephen Fidler in London, Robert Peston in Washington, and Christina Lamb in Rio de

THE International Monetary Fund plans to provide a letter of support to a debt restructur-ing agreement by Brazil and its commercial bank creditors, even though the government is out of compliance with an IMP

stand-by loan programme.

Mr Michel Camdessus, IMF managing director, has indicated to Brazilian officials that he would provide a positive letter in support of the agreement When it is offered to banks probably later this year.

This is unlikely to be sufficient, however, to satisfy the banks unless the government IMF. It failed to meet first and second quarter targets under the IMF agreement into which

Labrecque, chairman of Chase Manhattan bank of the US, which has \$1.07bn (£620m) of loans outstanding to Brazil. said Brazil's failure to meet IMF conditions for the management of its economy would constitute a serious obstacle to completion of the debt deal.

However, he added that the debt agreement was "far from academic", despite the corruption scandal surrounding President Fernando Collor. He said Brazil's bank creditors are hopeful that any change in the government would not be too

A detailed agreement was reached this week by negotia-tors for the government and the banks. That must now be translated into Portuguese and approved by the Brazilian Senate before it can be offered to all Brazil's bank creditors. This will take more than a month. it entered in January. Mr Tom even if the decision is not held

up by the impeachment pro-cess involving Mr Collor. The nine judges of Brazil's

Supreme Court were due to vote, in Brasilia last night, to decide when Congress will vote on whether Mr Collor is to be impeached, and on whether that vote will be open or

Under the original schedule, the vote on whether to proceed with an impeachment process. in which a two-thirds majority is required to move against Mr Collor, was due to be open and to take place early next week. However, the law on impeachment is unclear and Mr Collor has appealed to the Supreme Court, believing he has more chance of survival if the vote is secret and held after muncipal elections on October 3.

An extraordinary session of Congress was called for last night so that the special com-mission on impeachment could

filed on Tuesday night. The document makes no attempt to exonerate the president, but criticises the congressional inquiry on corruption which led to the process and - in a bid to win more time -demands that 20 witnesses be

 An agreement by the Argentine government and its leading bank creditors, announced yesterday, should allow signa-ture of a debt restructuring accord by the end of next month, a senior banker said yesterday. It commits banks to take at least 35 per cent of discount bonds offered under the restructuring, the less attractive to most banks of the two types of bonds on offer.

The attitude of many banks is that they want to have the deal completed as soon as possible," said Mr William Rhodes,

plan, a glass-maker - had failed to attract a single bid.



TRYING TO TAKE LONGVIEW: President George Bush on the campaign trail greets people at Longview, Texas. Behind him is an aeroplane of the kind he flew in the second world war

## Economic recovery in US 'slow but uneven'

THE US economy is improving slowly and prices are generally stable aside from a jump in lumber costs caused by Hurricane Andrew, the Federal Reserve said in its latest national survey, Renter

reports from Washington.
"Economic activity has been improving slowly in most of the nation, but the pace of recovery has been uneven across regions and sectors, the survey by the 12 Federal Reserve banks said. The report, known as the Beige Book, was based on information gathered before September 15 and is the last one before the November 3 presidential election, in which joblessness and economic weakness are key voter con-

cerns. "Little upward pressure on prices has been evident, except

for products such as lumber and natural gas associated with storm-related damage." the summary said. Rebuilding after Hurricane Andrew would stimulate economic activity in Florida and Louisiana.

Retail sales were "steady or slightly higher" in most regions, except for lacklustre new-car sales. Manufacturing activity had weakened for cars, aerospace and defence-related industries.

"In manufacturing outside these sectors, however, improvement is noted in orders, production and sales."

The survey found that the pace of new homebuilding was

improving slowly, particularly for low- and mid-priced homes, although commercial and other non-residential construction

## Poor hit back at structural adjustments

By Nancy Dunne in Washington

STRUCTURAL adjustment programmes imposed by the World Bank and International Monetary Fund have brought disaster to the working poor of as many as 100 countries. according to representatives of non-governmental organisations in Washington at a forum

Part of the difficulty is that the stalled Uruguay Round has changed the rules of trade for the poor countries, which have been forced under structural adjustment to open their mar-kets to a flood of cheap imports, while the US, EC and other industrialised countries have refused to ahandon their subsidies, quotas and high tar-

This has produced trade distortions and a "brutal" suppression of wages and living standards, while governments have been forced by the bank to cut their social programmes. according to Mr Doug Hellin-Development Gap organisation.

"The markets aren't there for the poor countries," he said, noting the continued barriers to textiles and third world commodities.

The Development Gap, Friends of the Earth and three other groups brought the NGOs to Washington this week to make their case against structural adjustment during a forum which has been carried on cable television.

The NGO representatives described a growing gap between the rich and poor in their countries, and rising bitterness and violence. They ity prices to the farm export subsidy battle under way between the US and the EC.

"It does not take a genius to see what has happened," said Mr Martin Khor, research director of the Consumers' Association of Penang and a co-ordinator of the World Rainforest Movement. The favourmies - more exports - has spurred over-production. cut-throat competition, a collapse of prices and exploitation of workers and natural

"Small enterprises, which can't compete against imported goods, are closing, and the ald given them by the development banks is a drop in the bucket," Mr Hellinger said.

Ms Peggy Antrobus of Barba dos, founder of the Women and Development Institute, said that, after 13 years of economic adjustment, one-third of the population in her country lives below the poverty line. Social services have been cut by 40 per cent, health care has badly deteriorated and such basic necessities as soap and ban-

dages are often unavailable. Ms Narda Meléndez, co-ordinator of Asociación Andar, a private development group in Honduras, said 73 per cent of the population there was in poverty. "We work in sweatshops outside the law," she said. Children were receiving less than half of their needed daily intake of calories.

The World Bank has yet to release its third report on structural adjustment lending, presented to its board early this summer. The report recommended that "more attention" be paid to "protecting the attributed the fall in commod- poor during adjustment".

## Chile budget 'in surplus'

CHILE plans to keep its budget in surplus next year, despite an impending election, Mr Alejandro Foxley, finance minister, said yesterday, George Graham writes in Washington. He told an audience of bankers and investors at the International Monetary Fund and the World Bank annual meetings in Washington the annual budget would show a surplus for the fourth year in a row. Chile's economic growth had surged to an annual rate of 5.5 per cent, Mr Foxley said.

## Ecuador halted by Privatisation plans general strike

By Raymond Colitt in Quito

A NATIONAL general strike yesterday brought Ecuador's economy to a standstill, closed schools and led to violent street demonstrations, after nearly three weeks of protests cial system was halted as against the new government's court employees closed tribueconomic austerity measures.

The one-day strike, called by the United Workers' Front (FUT) to protest against big price rises for basic goods and services, is the latest in a series of obstacles to the economic reforms of the six-weekold administration of President Sixto Durán Ballén.

Harry San

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Cities throughout Ecuador have experienced unrest as the protests rose. In Guayaquil, the main port and the largest city, demonstrators looted shops, burnt buses and battled police in the streets. In the capital, Quito, workers rioted in front of the presidential palace as their leaders were refused access to officials.

The government's attempt to shrink the public sector has

also run into resistance. Stateemployed doctors and nurses last week closed hospital doors in protest at the government's reforms, paralysing medical services in cities and leaving hundreds of patients on the streets. On Monday, the judi-

nals in response to government initiatives on curbing corruption and inefficiency. The government lacks political support for its economic reforms. The National Assembly, where it has no majority. rejected the bill to require civil servants to retire at the age of 65. It also refused the proposal for a salary bonus intended to compensate work-

mended to compensate work-ers for recent price rises. Responding to the protests, Mr Durán on Friday announced that the price of bottled gas, used in most Ecu-adorean households, would be reduced by 20 per cent. Mr Fabián Zurita, FUT director, rejected the reduction as a political manoeuvre.

## delayed in Bolivia

By Chris Philipsborn in La Paz

BOLIVIA'S privatisation programme is running into the sand amid allegations of corruption, a lack of interest by potential investors and opposition from unions and the mili-

Launched in June by Mr Samuel Doria Medina, plan-ning minister, the process initially involved some 60 stateowned enterprises, to be sold at the rate of one a week. This number has now been increased to about 100, including 14 hotels and 25 militaryrun corporations. However, the sale of two La

Paz hotels was cancelled this month by President Jaime Paz Zamora after allegations of corruption and influence-peddling in the auction process had emerged soon after the sealed bids were opened. Another attempt to sell them will be made next month.

state-run company - Fanvi-

A few days before, the first stock market flotation of a

Since then, six further attempts to sell the company have met no success. Many said the company was overpriced, given that it was poorly equipped, facing strong foreign competition and running well below capacity, like many others in the first privatisation

The government has also falled to find a foreign airline to take a stake in the national carrier Lloyd Aéreo Boliviano (LAB). Spain's Ibéria bid but this was turned down by the government as "inadequate". Mr Doria already faces strong trade union opposition to privatisation and, if the gov-

tary, hostility is expected from older members thereof. But the minister is optimistic: "In the next year, Bolivians are going to see the positive side of privatisation, such as increased employment

ernment pursues its stated

intention of selling the 25

enterprises run by the mili-



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room to move within it. I'm involved, but I don't interfere. Our business units are both global players and local entrepreneurs. It's all part of creating the right chemistry."

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where it agreed to let about

onn non so ft of space, because

Mr James Tuckey, managing director of MEPC, said it

showed that the supply of good quality space in the City was

shrinking, although it did not

mark a turning point for the depressed City office market.

confidential, although MEPC

said that the 25-year lease had break clauses - which allow a

tenant to move out - on

August 1 1993 and at the end of

the 5th and 15th year, subject

The insistence on a break

clause of under one year is

highly unusual. However, MEPC believes it is unlikely to

be exercised since the bank

will spend over £20m in fitting

out its premises, starting in

to penalties.

The terms of the deal were

By Vanessa Houlder, Property Correspondent

of the project's "inability to perform" on incentives once it CHEMICAL BANK, the third went into receivership. The lease had been signed by Manlargest bank in the US, yesterday announced plans to move its European headquarters to ufacturers Hanover Trust Alban Gate in the City of Lonbefore it merged with Chemical Bank last year. Alban Gate will don instead of Canary Wharf, be used for the bank's tradingthe insolvent office project in London's Docklands. based and corporate finance

The decision is a further blow to the viability of Canary Wharf, the project developed by Olympia & York, the Canadian company which has sought protection from its creditors. Canary Wharf had dready been damaged by the loss of American Express. another prominent tenant, earlier this month.

The US bank's move how ever, greatly benefits Alban Gate, another conspicuous new building which has struggled to find tenants since its completion. The large, high profile building in London Wall, designed by Terry Farrell, was developed by MEPC, Britain's second biggest property com-

Chemical Bank has with-

'reluctant to lead unions'

By David Goodhart,

THE shop steward could soon be consigned, like the strike, to the museum of industrial rela-

According to the semi-official 1990 Workplace Industrial Relations Survey, published yester-day, only 38 per cent of UK workplaces now have a shop steward - or senior staff representative - down from 54 per cent in 1984.

The survey, which has taken two years to be processed, is the most authoritative analysis of UK industrial relations. based on 5,000 interviews with managers and employee representatives.

The decline of the shop steward is seen as part of a broader decline in union influence which the survey attributes to changes in the law and the nature of the workplace. It reveals a decreasing readiness among employees to take on the role, with a growing num-ber of uncontested elections for stewards.

In the larger workplaces surveyed - those with more than 25 employees - companies' recognition of unions for col-lective bargaining had slipped to 53 per cent by 1990, down from 66 per cent in 1984. However, this is put down more to the closure of unionised plants

rather than to derecognition. The survey authors see no alternative system of industrial relations arising in the growing non-union sector, aithough 45 per cent of workplaces have introduced new employee involvement initiatives since 1984. There is also surprisingly little evidence of the growth in "non-standard" employment although part-time work has risen from 16 per cent to 18 per cent between 1984 and 1990.

Where collective bargaining meeting as an excuse to abanstill exists, the survey finds little evidence of a trend towards plant-level bargaining, except in the private manufacturing sector. Nor is there evidence that unions are succeeding in placing training and equal opportunities on the bargaining agenda.

Major judges strength of the enemy within If the Tory party votes on Maastricht, who will defy the PM? David Owen reports

TO WONDER prime minister John Major has been adopting a Euro-sceptic tone of late. When he stands up to open today's emergency Commons debate on the government's economic policy, he will be more conscious than ever of "the enemy

These are the Conservative MPs with extreme doubts about the text of the Maastricht treaty. As he weighs whether he can push it through parliament, Mr Major will be all too aware that the ranks of the doubters are

within".

An analysis of Tory backbench opinion indicates that the number of Conservative MPs prepared to defy the government, if it pushes for ratification of the treaty without significant changes has risen to at least 40.

When the bill approving the treaty received its second Commons reading with a majority of 244 four months ago, the number of Tories voting against the government was

with the future development of the EC" which was tabled in only 22. There is an extremely wide June in the wake of the Danish divergence of opinion. Discontent with the text of the treaty referendum. has increased markedly. But some Tory MPs see problems

neither with the treaty itself nor the government's ability to have it ratifled. "I have no qualms about it whatsoever," says Mr Robert Adley, MP for Christchurch. "I think the prime minister has a substantial majority in favour

In addition to the 40 or more potential rebels, there was a sizeable grouping of MPs who admit to having misgivings and stop well short of pledging unconditional support. They cannot necessarily

count on my support," warns Mr Nigel Waterson, MP for A further sobering feature

across the parties."

for the government is the number of new entrants to the Commons in the ranks of the sceptics. Many of these were among the signatories of the motion calling on the govern-ment to "make a fresh start

Most reservations focused on the issues of the centralisation of powers and the process of economic and financial integration. Backing for the move to a single European market was all but unanimous.

On centralisation, many MPs called for a clearer definition of the concept of subsidiarity than the one set out in the he problem with the

current definition was "you could drive a according to Mr Fabricant, who said he would vote against ratification of Maastricht "as it

stands at present."
On financial integration, disillusioned MPs urged either extensive reform of the Exchange Rate Mechanism, encompassing much more rigid obligations on central banks to come to the aid of struggling currencies, or recognition that the system was dead.

into the ERM, so I don't see how I can support Maastricht as it is," says Mr Townend, chairman of the Tory backbench finance committee. 'Any party who say after this we are going back into the ERM should be consigned to Devil's Island," expostulates

government minister. Some MPs argue that the problem with the treaty lies less in the text than the government's failure to explain adequately what it actually

Sir Rhodes Boyson, a former

Many of the most sceptical preface their remarks by emphasising they are not in the anti-European camp. Mr Griffiths says opposition was now coming from "committed Europeans" who were unhappy with the structures being pro-

There is a common view among Euro-sceptics that they supported the government in the second reading as a vote of thanks to Mr Major and Mr Douglas Hurd, foreign secre-

"I don't want us to go back tary, for negotiating Britain's exclusion from the social chapter and obligation to enter monetary union by the decreed

Some Tories were influenced by the assumption - since undermined - that their reservations would not be shared by significant numbers in other member countries. "One swallowed the bits one didn't like on the assumption the rest of Europe was mad keen to go along," observes one experienced MP adding that Maastricht was now "holed under the

water." Several of the sceptics are in favour of a British referendum, although some urge just as passionately against taking such a step.

A further group believes that the appropriate time for a ref-erendum would be prior to any decision to opt into the single currency. "If there is to be a referendum, it should be when the option on a single currency is exercised," says Mr Spencer Batiste, MP for Elmet and a

## Major and Reynolds to meet tomorrow

By Tim Coone in Dublin

AN URGENT meeting is to be held between the British and Irish prime ministers in London tomorrow after three days of talks in Dublin on Northern Ireland's political future, and a weck of pressure on the Irish punt triggered by sterling's departure from the ERM. The Dublin talks, which

were boycotted by the Democratic Unionist party, appear to have made only limited progress and differences have emerged between the British and Irish governments over the sensitive issue of scheduling a date for the next meeting of the Anglo-Irish conference. Five hours of talks on Tues-

day night between the two government delegations failed to produce a date, which had been tentatively pencilled in for next Monday. The two unionist parties object to any further meetings of the conference, held under the auspices of the 1985 Anglo-Irish agreement, while the present roundtable talks are in progress. There is concern that the DUP might use a new conference

don the round-table talks. The Irish government is anxious that the agreement should not be undermined by further postponements of the conference, which gives it some, albeit limited, influence in Ulster's affairs.

## Pressure mounts on cabinet minister to resign

MR DAVID MELLOR'S hold on his cabinet post was under renewed pressure last night after senior Conservative MPs indicated that they would review his future when the House of Commons reassem-

bles today. As the embattled heritage secretary, with responsibility for the arts and national treasures, faced a new onslaught in the British popular tabloid press over his acceptance of hospitality from wealthy friends, there was growing speculation at Westminster that he would be forced to

The allegations that Mr Mellor had not detailed the hospitality in the official register of MPs interests' followed newspaper revelations during the summer of his relationship with an actress.

Mr Bryan Gould, the opposition Labour party's 'shadow heritage secretary, has written



to the prime minister asking whether the acceptance by the minister of a paid holiday in Spain breached official rules.

minister's office, insisted that Mr John Major had no intention of sacking Mr Mellor. Mr

Heritage secretary David Mellor pictured arriving for a conference at the National Gallery, London Downing Street, the prime Major has told colleagues that he will not allow the press to "dictate the composition of the cabinet". For his part the heri-

tage secretary indicated during a series of engagements that be

But privately some ministerial colleagues were adding that Mr Mellor's position in the government has become unten-

The Executive Committee of the backbench, rank and file, 1992 Committee of Conservative MPs indicated that it would consider Mr Mellor's position at a meeting during today's emergency debate on the economy. The powerful committee has in the past demanded and secured the resignation of cabinet ministers.

Tory party managers have also been taking wider soundings among the government's

best lukewarm, with many MPs echoing privately a public call by Mr Nicholas Winterton, a Tory backbench MP, for the heritage secretary to resign.

# Nothing Ventured, Nothing Gained?

Tomorrow, the Financial Times will publish a survey about the Venture Capital

It will cover the background, the main players, the investors, the role of the banks, marketing and regional trends in the UK, as well as looking at the international scene.

For the entrepreneur, there will be a guide to operating with Venture Capitalists and for the less informed, a glossary of all the terms used by them.

All in all a pretty good return on an investment of 60p.

## **Britain** in brief



## Consumer spending up by 0.5%

Consumer spending rose for the first time in two years in the second quarter, but official figures confirmed that overall

output in the UK was flat. Expenditure by consumers on durable goods, energy, food, clothing and services -which accounts for about three quarters of gross domestic product - rose by 0.5 per cent in the second quarter com-pared to the first quarter, the first quarterly rise since the

three months to June 1990. However, the detailed GDP figures from the Central Statistical Office also showed that fixed investment continued to move downwards in the second quarter. It fell by 2.5 per cent on the previous quarter and was 3.5 per cent lower

than a year ago. The revised figures from the CSO confirmed that overall GDP fell by 0.1 per cent in the second quarter compared with the first, to stand 0.6 per cent lower than the same period a year ago. Apart from a small upward blip in the third quarter of last year, this was the eighth successive fall in GDP. Excluding oil and gas extraction, GDP rose by 0.1

per cent in the three months to June, ending seven successive quarters of falling onshore output. It was 0.9 per cent lower than the same quarter a

#### Fosters pays for joint advert

Fosters' Lager, the UK's number two brand, has produced and paid for cinema advertisements which are mostly devoted to another product.

The first 40 seconds of the 60-second adverts, currently running in London cinemas, are devoted to Haagen Dazs ice cream. The brands are owned by different companies, though Dazs gave its approval for its

brand to be used. The adverts appear to contravene what has been regarded as a basic law of

brand-image advertising - to get your product noticed early

couple eating Haagen-Dazs ice-cream. The man goes to the refrigerator but instead of more Haagen Dazs, he chooses a can of Fosters lager. The background music is replaced by a televised football commentary. The woman registers disapproval at her partner's

distraction. Mr Jeff Dale, the marketing controller for Fosters, said:

"We needed to hit people between the eyes". Fosters spends £16.5m annu-ally on marketing the brand in the UK. Its joint ad with Haagen-Dazs will run in cinemas until Christmas.

With its relatively small advertising launch budget of £300,000, Haagen-Dazs now has a 20 per cent share of the UK dairy ice-cream sector, outstripping the combined sales of its two nearest competitors.

#### Warning on rural jobs

More than 150,000 rural jobs may be lost during the 1990s as a result of a contraction in agriculture and the industries which depend on farming, the Rural Development Commis-sion warned yesterday.

"peace dividend" will lead to job losses in many rural areas but especially in Rast Anglia, where nearly 2 per cent of the population is made up of US forces person-nel and their families, and the south-west of England.

An estimated 14,000 families are homeless in rural areas and the problem is growing faster than in towns, the commission, which promotes rural development, said in its annual report.

Rural services and facilities are under continued pressure with a number of village halls threatened by the cost of complying with new hygiene and safety regulations.

#### Ford calls car unions to talks

Ford has called meetings in London today with its production and staff unions, raising fears of further short-time working and possible job cuts against the background of siumping UK new car sales.

Union leaders, including Mr Jimmy Airlie of the AEU and Mr Jack Adams of the TGWU, have been told that Ford wants

to discuss the industry's capacity, the state of the market and related problems. However, both sides last night made clear they regard as groundless rumours that Ford might be considering plant closures in

the UK. Today's talks are to be held between the unions and Ford's Joint Negotiating Council, led by Mr John Hougham, Ford of Britain's personnel director.

They will follow an announcement by Ford last week that it is to stop production for six days in September and early October at its Halewood car assembly plant on Merseyside in response to disappointing sales in the UK and weakening demand from

export markets. Ford is also reducing output at its Fiesta assembly plant in Dagenham, Essex, and at its Transit van plant at Southampton. The company has warned there is no sign of any improvement in UK new car demand and that it sees no indication of any real recovery before mid-1993

## Seven unions seek alliance

More than seven unions in three industries are considering an alliance to protect jobs. Unions in the rail, coal and electricity industries are likely to form a group to protest jointly against what they see as threats to jobs in all their industries.

Rail unions are opposing privatisation, miners' unions the closure of pits and electricity unions are fighting moves to generate electricity from

The unions understood to be involved are the TGWU and GMB general unions, the NUM and Nacods miners' unions as well as the RMT. TSSA and Aslef rail unions.

#### Salaries outside **NHS** monitored

Medical consultants can earn six times their National Health Service salary by carrying out the equivalent work in the private sector, a study by Laing and Buisson, health care consultants, said yesterday.

The analysis, sponsored by Norwich Union Healthcare, one of the UK's largest private health insurers, concluded that private specialists' fees were substantially in excess of "necessary" levels and had increased sharply in the last

They are thought to indicate that support for Mr Mellor is at

It estimates that 12,000 of the 19,000 NHS consultants in Britain conduct some private work, and that on average privately practising specialists will earn about £95,000 this year. Total consultants' net income derived from private

practice as a proportion of

total income including that from the NHS has risen from

15 per cent in 1975 to 31 per

#### Construction outlook bleak

The recession in the construction industry is tightening rather than slackening its grip according to government fig-ures published yesterday.

According to the Environment Department construction orders won by British contractors fell by 16 per cent during the three months to the end of July compared with the corresponding period last year.

Private sector orders by industry and commerce were among the worst affected. Private industrial orders were 26 per cent lower compared with the corresponding period a year ago while private com-mercial orders, mainly offices and shops, were 22 per cent

Private housing orders on the same basis were 15 per cent lower. Public housing orders, including from housing

## employers

Mrs Gillian Shephard, the employment secretary, launched a new initiative intended to give European Community employers a quick and simple guide to qualifications of prospective employees from member states.

Mrs Shephard was hosting a training conference, Skills for Europe, which is one of the events being organised by the UK to mark its presidency of

said she did not believe that the system was fully accessible to ordinary working people. She wanted to set-up a simple

akinson p

**Guide for EC** 

The employment secretary

document - a European Record of Achievement - that would set out the qualifications and experience held by an individual and could be quickly and easily recognised and accepted by employers in

Voice mail systems may seem impersonal, but their efficiency is winning them friends, says Louise Kehoe

## Don't shoot the messenger

"I AM either on the phone or away from my desk. Please leave a mes-sage after the tone. To reach my assistant, press 'One'. To reach an operator press 'Zero'. To skip this message in the future, press the '#'

If you are a regular caller to companies in the US this type of greeting, played by "voice messaging" or "voice mail" systems, is already familiar. It provides an efficient if somewhat irritating and impersonal - means of communication.

In its basic form, voice messaging is merely a computerised answering service that records and replays telephone messages. However, the latest systems integrate voice with facsimile and electronic mail, transforming the telephone into a multi-media communications terminal.

Voice mail is a technology that Americans love to hate, but they are using it in ever-increasing num-bers. An estimated one-third of all large- and medium-sized companies in the US already use voice messaging and many residential telephone users also have access to voice mail services provided by regional tele-

"Ten or 15 years ago, if you called someone and got an answering machine you wondered who that person was trying to avoid speaking to. Today, if a call is not answered by a person or machine, you wonder the same thing. Who are they trying to avoid?" says George Soll-man, president and chief executive of Centigram, an early leader in the voice messaging systems market. "That shows the extent to which we

Not so in Europe and Asia, however, where sales of voice messaging systems have been slower to take off, in part, it seems, because to machines. In Europe, there are also regulatory hurdles. It takes about six months and costs about \$500,000 (£280,000) to obtain approval from a European PTT (national telephone company) to connect a voice messaging system to the phone network, says Douglas Chance, president of Octel Communications, the largest US supplier of voice messaging systems.

messaging system manufacturers step up their international market-ing efforts, voice mail appears set to become more widely accepted. Voice mail is catching on in Europe as a service for users of car phones. .The system picks up messages while the user is not in the car or when the telephone is turned off. In the US, however, voice mail is viewed primarily as a productivity tool, especially among the many companies that are "downsizing" and cutting support staff. With fewer secretaries to take messages, the voice mail system ensures that calls do not go unanswered.

nlike the standard answering machine, a voice mail system picks up calls when you are already on the telephone. Most systems also give callers a generous amount of time to record their message and the opportunity

to review what they have said. Perhaps the biggest advantage of voice mail is that it eliminates "telephone tag". If the other party is "on the phone or away from my desk" it is always possible to leave a message. As people get used to the sys-

Yet as Octel and other voice tem they leave more substantive messages and no longer feel the need to talk directly to one other. Messages that are too compli-

cated, or too sensitive, to be relayed by a third party can also be deliv-ered in confidence to a "voice mail box". Companies with international operations find voice messaging a more personal alternative to electronic-mail or facsimile for sending messages across time zones. Hotels are beginning to install voice mail as a service to guests, so that callers are able to leave accurate, confidential messages in any language. Voice messaging services can also

provide a communications lifeline in emergency situations. Following the devastating explosions that destroyed the Reforma district of Guadalajara, Mexico, earlier this year, Teléfonos de Mexico (Telmex) swiftly transformed its corporate "voice mail" service into an emerency message system. In normal circumstances, how-

ever, voice messaging simply provides improved communications capabilities. The full potential of "voice processing systems" that



allow users to access a wide range of services over the telephone.

The caller can tap into broadcast news services, retrieve and update computer database records, initiate or receive facsimile and electronic mail messages, and even have them read by a computer generated voice. Sollman describes how a voice

processing "power call" works. He is on a business trip. A call to his voice mail box alerts him to an urgent fax sent to the office, which is then "read" to him by the Centigram system. A customer wants a quotation on a customised voice messaging system.

Having listened to the message, voice messaging is just beginning to he taps in the fax number of the emerge with the introduction of hotel where he is staying and a copy is automatically routed to him. tions of voice processing.

The customer's request requires immediate attention and several people on Sollman's staff need to be

From his hotel room telephone. Sollman records a voice mail annotation urging action on the customer's request. He sends the message and the original fax to a pre-deter-mined list of colleagues by pressing a few keys on the phone.

Toice processing can similarly provide links with electronic mail and computer databases or information services. Interactive voice response systems, which enable the caller to speak directly to a computer and be understood.

building a broad range of applica-tions by encouraging third-party software developers to write programs for its systems. Voice messaging specialists are, nowever, facing increased competi-tion from manufacturers of private branch exchange equipment such as AT&T, Northern Telecom and

> messaging as an adjunct to their PBX systems. And although voice processing systems manufacturers claim that their products are complementary to computer network systems, it seems certain that the two industry

Rolm, which are offering voice

ing systems manufacturers has its

own specialty. Centigram has taken

"text to speech" translation.

lead in the use of computerised

Octel is offering features that

turn the touchtone telephone keys

into a primitive keyboard to type

facsimile messages, select news or traffic reports and post electronic mail messages. VMX, another voice messaging systems company, is

segments will eventually collide. While voice processing systems are beginning to access data processing systems, computers are acquiring many of the attributes of voice processing including "business audio" features that enable the user to record spoken messages and incorporate them in text and graphics documents.

Talking to machines may still be an uncomfortable experience for many, but by the end of the decade it is likely to be commonplace. Worse, it seems that these computerised systems will increasingly talk back to us. Perhaps the only consolation is that when talking to computers we can be as rude as we please without causing offence.

## Going with the flow

Power fluidics, a new technology which uses the flow of liquids or gases instead of mechanical devices to control mannfacturing processes, is set for wide-spread application in the chemical and pharmaceutical industries.

The UK Atomic Energy Authority originally developed power fluidics as a maintenance-free way of controlling highly corrosive and radioactive fluids in the nuclear indus-try. Now, in its new guise of AEA Technology, it is transferring the system to non-nuclear users.
SmithKline Beecham, the

Anglo-American drug company, agreed earlier this year to develop power fluidics for some of its key manufacturing processes, starting with antibiotics. And this week AEA signed an agreement with Fos-ter Wheeler, the international engineering contractor, to exploit the technology more widely in the pharmaceutical industry.

Power fluidics does away with the

need for mechanical devices such as valves, pumps and mixers. No moving parts come into contact with the process fluid. Instead, hydrody namic forces such as a swirling vor-

tex are used to control it. For example, AEA has developed three different fluidic mixers to replace conventional stirrers. They mixing, depending on the chemical

conditions required. According to AEA and SB, the advantages of fluidics include: reduced maintenance requirements and costs; increased product yield and quality; more compact and therefore less expensive process equipment; move from batch to continuous processing; environmental

benefits through increased reliability and reduced waste. Ray Allen, who runs AEA's processing engineering department. says power fluidics is already bringing in revenues of £1m a year. These are expected to increase rapidly, once Foster Wheeler starts marketing the technology to its cus-

tomers in the pharmaceutical indus try worldwide. Although drug manufacturing is likely to be the largest application, AEA will also sell power fluidics to other process industries where maintenance-free operation is

important, including off-shore oil. Clive Cookson

## Breaking free from 'voice mail jail'

- an automated telephonic maze that traps callers and foils their efforts to reach a mere mortal. It has become one of the daily hazards of business life in the US and it is what gives voice mail a bad name. Everyone has horror stories about voice mail. Here is a small sampling:

 Calling a software company for the first time, the voice mail system answers: press "One" if you know the extension of the person you are calling, press "Two" to reach the person by name. This presents something of a problem if you know neither the extension or the name, but want to speak to the marketing manager. Undaunted, you press a few keys in the hope of

phone starts ringing, but the person is unavailable and you now have the option of leaving a message for an unknown party or fol-lowing instructions on how to reach his assistant. Choosing the latter, and beginning to feel frustrated, you reach yet another voice

mail message, and a third and so on. You are in voice mail jail. Some voice mail systems are horribly complicated, presenting you with a blizzard of options. Government agencies are among the worst, Cailing the "Ask Immigration" line at the Los Angeles Immigration and Naturalisation Service is an experience guaranteed to persuade some would-be what if it is plumbing related, or immigrants to go home. There are just not related to any of the

raising a response. Sure enough, a more than 20 different options that callers can select, including one to hear instructions on how to arrange to talk to an immigration officer – but not by telephone.

• Pity General Motors employees

in Missouri if they cannot get to work on time. After ploughing through three sets of voice mail choices they reach a recording: "Please indicate the reason for being late or absent. Press 'One' for personal illness; press "Two' if this is a family-related illness; 'Three' for car trouble; 'Four' for personal business; 'Five' if you've overslept; 'Six' if this is court-related; 'Seven' if death related; 'Eight' if weather related." But

options given? "You will NOT be switched to an operator," the recording warns sternly.

Nevertheless, there are steps you can take to avoid "voice mail jail". Most systems give you a chance to listen again to lists of options. Choose carefully. If you decide that you have gone off track and are not likely to reach the right party or their designate, hang up and start again. Back-tracking is almost impossible.

The best systems always give you a chance to press "Zero" for an operator. If you are not sure who you need to reach or cannot fathom how to use the voice mail system this is the best option.

### **PEOPLE**

## Hankinson plugs RHM's gap Bodies politic

David Hankinson, Rank Hovis McDougall's new finance director, has probably seen the insides of more British com-panies than the average finance chief. When he takes up his new job on October 5, he will have been finance director of six very different companies over the past 13 years.

The arrival of Hankinson, 53, who quit as Lucas's finance director in March following a boardroom reshuffle, will plug an important gap in RHM's slim top management team. Bob Rogerson, who had been RHM's finance director for 15

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years, retired a year ago and Paul Coker, the deputy manag-ing director, took on his responsibilities. Following Tim Howden's move to head Albert Fisher's European operations at the end of March, Coker had



to take on his responsibilities as managing director as well as head the finance side. The increase in Coker's burden has come at a particularly difficult time for RHM - its shares have fallen by two thirds over the past couple of years - and there has been concern in some quarters of the City that the company was not doing enough to foster its relations with big investors.

Hankinson, like Coker and Rogerson before him, is a chartered accountant. After reading years with Arthur Andersen before moving into commerce. In 1972 he joined Midland Bank Finance Corporation and a couple of years later moved first to omas Cook as group control ler and then George Wimpey. In 1979, he was appointed group finance director of The Guthrie Corporation, and after that he went on to be finance director of Wilkinson Sword (1982-83), Chloride (1983-86), Rover (1986-89) and Lucas

Sir Michael Palliser, chairman of Samuel Montagu and a former head of the diplomatic service, has been appointed president of the CHINA BRITAIN TRADE GROUP.

■ Joanna Reynolds, director of Berkeley Magazines, part of Reader's Digest, has been appointed chair of The DIRECT MARKETING ASSOCIATION

■ Nancy Evans has succeeded David Hanson as director of RE-SOLV, The Society for the Prevention of Solvent and Volatile Substance Abuse. Colin Dawe and of British Alcan stockholder division. has been appointed chairman of the ALUMINIUM STOCKHOLDERS ASSOCIATION.

AND

PETROLEUM

EIGHTH

■ Leslie Teasdale, chairman of the BSI committee on standards for pumps, has been appointed technical director of The BRITISH PUMP MANUFACTURERS' ASSOCIATION.

■ Andrew Stewart, former MP for Sherwood and a former pps agriculture, has been appointed chairman of the AGRICULTURAL TRAINING BOARD from October 1992 to

#### **Brian Emerson**

March 1995.

Brian Emerson, who retired as finance director of the Stock Exchange in 1986 after a varied financial career, died last week after suffering a beart attack at Heathrow airport.

Former colleagues describe him as a highly-regarded man with a strong character. He was a powerful leader who developed many good ideas and drove them through to Born in 1926, Emerson took

his articles in 1942 at Barton

Maybew, an accountancy firm which ultimately merged to become part of Ernst & Young. He joined Unilever as a systems auditor in the early 1950s, and moved on to Beecham and then PA, the management consultants. During the late 1960s and early 1970s he all but created the management consultancy division at Arthur Young, the accountancy firm which is now part of Ernst & Young, and became the division's first partner.

He went on to join Barclays Bank, and then in 1976 became the first head of finance at the Stock Exchange before retiring

## FINANCIAL TIMES CONFERENCES **NEW CHALLENGES FOR**

## **EUROPE'S OIL REFINING AND** PROCESS INDUSTRIES

Amsterdam

3 & 4 November 1992

This topical conference, timed to coincide with the PetroTech 92 Exhibition, brings together authoritative figures from the European oil refining and marketing industry to discuss the challenges and costs of meeting increasing environmental legislation and to review the implications for refiners of the opening up of eastern Europe.

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and Marketing, Texaco Limited

**Mr Clive Jones** Deputy Director General, DG XVII

Commission of the European Communities Mr Peter D Gaffney

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Managing Director **Bechtel Limited** 

Gaffney, Cline & Associates Ltd Mr Ken Turnbull

#### Mr Michael Brandt Manager, Supply Coordination and Planning

Shell Internationale Petroleum Maatschappij BV

#### Mr Yves René Nanot

President Total Raffinage Distribution SA

Mr Klaus R Kohlhase

Head of Health, Safety and Environment British Petroleum Company plc

#### Mr Gilbert M A Portal

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Mr Herman Mulder Senior Vice President ABN AMRO Bank NV

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NEW CHALLENGES FOR **EUROPE'S OIL REFINING** 

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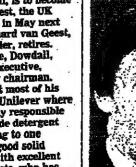
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Name Mr/Mrs/Ms/Other\_ Company/Organisation\_ City. Post Code

Type of Business

Michael Dowdall, is to become chairman of Geest, the UK foods company, in May next year when Leonard van Geest, son of the founder, retires. In the meantime, Dowdall, already a non-executive, becomes deputy chairman.

Dowdall spent most of his working life at Unilever where he was primarily responsible for the worldwide detergent sector. According to one analyst, "he is good solid reliable chap, with excellent European contacts, who has been around for a long time. Indeed, David Sugden, Geest's chief executive, says Dowdall is expected to help Geest expand its Buropean network.



Dowdali, 62, is also a non-executive of BPB Industries: chairman of Eemland Holdings NV, the holding company for Wilkinson Sword, and a main board director of the NFU - -Mutual

## Simon Davies leaves Wentworth International

Wentworth International Group and has left the USM-quoted plastic packaging products company. He had ful-filled many of the functions of finance director and indeed had been responsible for preparing the group's accounts. In July Haque Khan retired early as chairman and chief executive and was replaced by

Robert Gill, who issued a divi-

Simon Davies has resigned as accounting practices as "sharp" and "at the cutting edge"; he said the board was looking critically at practices previously employed, such as the capitalisation of interest, fair value accounting, the charging of consultancy fees to acquisition targets, and the capitalisation of acquisition

Tim Palmer, finance director, will now assume Davies' finan-





Lord Hanson's son, Robert (right), has been appointed to the board of the Anglo-American conglomerate at the age of 32. After seven years with N M Rothschild, Hanson junior moved across to his father's company, as assistant to the two vice-chairmen, in 1990. Also promoted on to the board is Graham Dransfield (left), 41, Hanson's senior solicitor for the past four years. Dransfield replaces Alan Hagdrup, 60, who relinquishes his executive director responsibilities. Hagdrup, on the board since 1974, will continue to work on legal matters full-time for the next year, with plans to stay on part-time for an indefinite

n August 1, the citizens of east London awoke to find their streets festooned with banners proclaiming the birth of a new univer-

How many realised Greenwich University was none other than Thames Polytechnic in new garb? Only, perhaps, early birds who witnessed the respraying of its vans, or the men absciling down the side of the poly's main Woolwich building

to remove the old signs.
For South Bank Polytechnic, also reincarnated as a university in the summer, new logos were just the beginning. Posters proclaiming "a university without ivory towers", "poly gone" and "universities challenged" have been bemusing commuters and would-be students alike

The opportunity given to Britain's 36 polytechnics to call themselves universities, under the govern-ment's policy of creating a unified education sector, has been seized by most to relaunch themselves.

Poly directors, not renowned for inspirational marketing, now gossip about "corporate identity" and "Swot analysis" – analysing Strengths, Weaknesses, Opportunities and Threats to their market share. Image and PR consultants are doing a roaring trade.

The name changes tell much of the story. Leicester Poly adopted the city's medieval earl to become De Montfort University; Liverpool took on the local tycoon - whose son, fortuitously, is chairman of its governors - and is now Liverpool John Moores University.

Even the least pretentious name changes reflect careful positioning. Savs Valerie Stead, Greenwich's deputy vice-chancellor: "We found the name [Thomes Poly] a liability,

ollowing what turned out in 1991 to be the advertising

industry's worst post-war

ne at a worse time, following as

It did the acquisition-driven merger

mania of the previous decade and

However, investors in the adver-

tising sector can now turn for guid-

ance to a report\* produced by Wil-

lott Kingston Smith, the London-based accountancy firm.

the most recent annual accounts of

50 public and private companies,

the study concludes that, in aggregate terms, the companies paid 45

per cent of their combined operat-ing profits - £97m - in interest

during their last financial year.

This compared with £81m (22 per

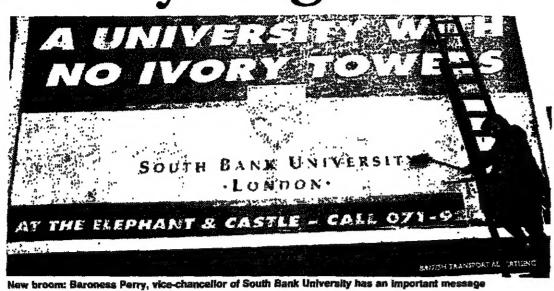
cent) the previous year.

Taking as the basis for its survey

ensuing debts.

Andrew Adonis looks at a new generation of universities

## Polys grow up by degrees



because nobody was quite sure where we were." Six agencies were asked to tender for a name and logo: Greenwich and the compass, put forward by Primary Contact, a subsidiary of Ogilvy & Mather, tri-umphed after market research showed Greenwich to be the second

best-known place in London after ter, to which colleges in Lincoln the Tower.

Leicester Polytechnic, on the other hand, selected De Montfort because it wanted to escape close identification with its parent city. A "distributed university" with campuses in Milton Keynes and Leices-

and Bedford are likely soon to be added by mergers, it was keen to

project a regional image. According to Jan Hall, an executive with Coley, Porter, Bell (CPB), the corporate identity consultants employed by the new university:

"De Montfort conjures up all the right feelings of status and quality - and the name is well known in the Leicester area. In our surveys, it went down particularly well with the overseas students and employers: it's clearly British and presti-

gious-sounding." CPB's Swot analysis for De Montfort and North London University - its other former poly client - showed the main "threat" to be the very change of formal status for which polys had been campaigning. Says Hall: "Most of the polys had strong local links with sections of the community not used to higher education. Many of the mature students we canvassed - particularly those on part-time courses - told us they'd never have thought they were up to a university, or varia-tions on that." Hence the emphasis on "no ivory towers at the Elephant

and Castle Greenwich's promotional literature stresses that as a university it will "continue to encourage applications from older students who don't necessarily have traditional qualifications". It has no intention of changing its course portfolio, or of seeking to reduce from 47 per cent the proportion of its students aged 25 or over.

With most of the new titles barely a few months old, it is too soon to say what the new names, logos and marketing have done for recruitment. In London, where the concentration of institutions generates fierce competition, efforts at differentiation are intense. According to John Callen, head of marketing at North London, "It's not just new logos and names. We are trying to destroy the segmentation in consumers' eyes about the polys, while retaining loyalty as a student-focused, community institution."

Agencies: return on long-term

capital employed

Although Boots hopes that the kit will record strong sales in its own right, the product's launch symbolises a shift of marketing emphasis that has taken place within Boots in recent years.

The company, long famed for its pharmaceutical services, has rediscovered that there are significant market opportunities in its own backyard - especially at a time when the government is trying to shift the burden of healthcare provision towards individual responsibility and preventative medicine.

"The company's strategy in the 1970s and 1980s was to expand substantially its merchandise offering. But I would say there is now a greater focus again on the core healthcare business," Shotter says. "It is partly a recognition that this is what we are best at doing but also that there is

## Men in white coats present a caring image By John Thornhill

Boots chemist shops yesterday Home stocked their Cholesterol shelves with a home cholesterol f.trad

testing kit which the company hopes will help reduce the

alarmingly high incidence of heart disease in the UK - as well as

making money (or shareholders, The simple kit, which requires shoppers to prick their thumbs and test their blood using a simple meter, delivers accurate results in 20 minutes. It costs £7.99. The launch at the Ritz Hotel in

London is part of a Caring for Your Heart campaign aimed at helping to meet the government's target of reducing deaths from coronary heart disease by 40 per cent by the end of the decade. Boots is also issuing leaflets on diet and lifestyle changes and has set up a free telephone enquiry line for those needing further information.

Peter Shotter, general manager of Boots' healthcare business, says: "Awareness of cholesterol levels is about 9 to 13 per cent in the UK, compared with 70 per cent in the US. But about 150,000 people are killed by coronary heart disease each year. Cholesterol is a key

enormous market potential." Extensive market research suggested that the public had great trust in Boots' "men in white coats". The company believes it can do more to exploit that commercial strength by moving into related healthcare areas. Boots recruits just under

one-third of all pharmacy graduates in the UK and almost all the company's 1,078 store managers are qualified pharmacists. The company is currently

experimenting with offering a wide range of health screening services. such as cholesterol, blood, pregnancy and urine testing, together with full medicals at two stores at Bromley and Lincoln. "It is early days and we are just scratching the surface at the moment." Shotter says. But a graphic example of the

lucrative business opportunities lying at the periphery of the NHS is provided by Boots' move into the nursing homes' drug supply market in recent years. The company now supplies the pharmaceutical needs of 80,000 patients at 3,600 homes. It is a sign of the evolution of

business attitudes at Boots that Shotter was recruited from outside the company following a marketing career with such fast moving consumer goods giants as Procter & Gamble and PepsiCo. "There has been an injection of new ideas by deliberately going out into the marketplace and bringing in people with different experiences," he says.

The concept of turning Boots' stores into a chain of mini-bealthcare centres is clearly attractive for potential patients and hard-pressed health service managers, but as yet it remains an unproven prospect.

But Gordon Hourston, managing director of Boots the Chemist, stresses that while there are great potential opportunities in developing its primary healthcare business, he first has to be convinced that it would be in the best interests of shareholders.

Boots is a commercial enterprise; profits generated from the provision of healthcare services will have to be every bit as productive as the returns from selling scaps or photographic film.

## Why goodwill can be bad news

year, few advertising agencies are prepared to square up precisely to how financially strapped they are. The recession could hardly have Collectively, pre-tax profits col-lapsed by 76 per cent and profit margins halved; 36 per cent of the companies incurred a pre-tax loss, compared with 16 per cent a year

In terms of returns on capital employed, the study concludes that the advertising sector, overall, has fallen behind expectations.

The survey states that "the measurement of profits as a return on capital employed in the business has become of increasing importance" following agencies' acquisitions of other companies, investment in freehold properties and spending "on anything from infor-mation technology to fleets of smart cars. At its most basic, the return on the investment must leave a margin of profit after paying interest on the capital borrowed to run the business." The report points out that "the

balance sheets of acquisitive UK public companies do not show the full extent of the capital which has been ploughed into the business because of the perfectly legal practice of immediately writing off any amounts paid for the goodwill of companies which have been acquired in the past. This was a practice popular with many of the companies in the report in the 1980s, since it helped them with further acquisitions.

Willott Kingston Smith have thus reconstructed the balance sheets of the companies involved to include the goodwill as an asset, giving "a capital employed".

On that adjusted basis, "the return on average capital employed by the top 50 groups (including both quoted and private companies)... was a meagre 4.38 per cent. Much higher returns average ing 10.2 per cent were achieved by many of the unquoted UK groups particularly those which have eschewed the acquisition trail.

"But the returns achieved by most UK quoted groups, after reinstating goodwill write-offs, were quite unacceptable at an average of just 0.4 per cent. Only CIA group (31.3 per cent), Geers Gross (26.4 per cent) and Abbott Mead Vickers (21.9 per cent) could claim to be operating at a respectable margin. None of the three had been particu-\*Financial Performance of Market

UK Other quoted UK Non-UK

ing Services Companies, 1992, Willott Kingston Smith, 15 Cavendish Square, London W1M 9DA. £100.

Gary Mead



Hans van Oosterom, Executive Vice President Strategic Planning Akzo: SMa

"Dealing with Akzo means dealing with business units who are right in the forefront of their chosen field. So it may surprise you that we haven't the slightest inclination to become one of the world's

largest chemical companies. We much prefer to be big in the areas we choose. Yes, we make acquisitions. But never just to grow bigger. Only if it adds value to our existing operations. Yes, we penetrate

Akzo is one of the world's leading companies in selected areas of chemicals, fibers, coatings, salt and health care products. Some 63,000 people, active in 50 countries around the world, make up the Akzo workforce. For more information, write or call: Akzo nv, ACC/F2, P.O. Box 9300, 6800 SB Arnhem, the Netherlands. Telephone (31) 85 66 22 66.

new markets. But only if we're pretty sure we can do a better job than the competition. We don't want to be the biggest. We do want to be the best. And for that, you have to create the right chemistry."

CREATING THE RIGHT CHEMISTRY



Anne Sophie von Otter (top) and Amanda Roocroft

Opera/Max Loppert

I Capuleti e i

Montecchi

encourages the players to dig

into the lines as though no

critical disapproval of Bellini's

scoring had ever seen the light

even though my own taste in

Bellini interpretation is for a

far less frenziedly assertive

directorial personality, less

pushing of the voices, less

beating-out of every rubato,

altogether greater lyrical spon-

. In truth, the performance

was also enjoyable in spite of

the absence of a single cast-member who could honestly be

reckoned a born Bellinian. The

men matter, of course, less

than the women (though the

wooffy Italian enunciation of the basses was distressing, and Keith Lewis, a Tebaldo remem-

bered from 1985 revival sounded in poor vocal form). Amanda Roocroft (Juliet) made

pretty, easily emitted sounds

she has worked touchingly

hard on the role, without so far

evincing the faintest glimmer

of instinct for either the Belli-

nian line or the drama that

More problematic was the

should emerge out of it.

above the stave (and her famil-

taneity.

production in its original (1984) above the stave (and her familestate is unlikely to have lar gummy ones lower down):

of day. His ardour is winning

The bomb-scare at the Theatre

Museum late on Tuesday after-

noon played havoc not only

with Covent Garden traffic, but

also with the schedules of the

theatres in the vicinity. In the

case of the Royal Opera House,

it prevented the Pler Luigi

Pizzi sets for Bellini's Capuleti

from reaching the stage until impractically late in the even-

ing, which in turn resulted in

the first performance of its lat-

est revival being given in lim-

ited form - in costume but

Generously, the house

offered the show free, with money-back and re-booking facilities as part of the deal; those who decided to remain and wait out the 45-minute

delay before curtain-up seemed

not to mind the limitations.

And indeed, anyone who

recalls the static, tableaux-by-numbers quality of Pizzi's own

indulged in an excess of hand-

wringing over its trimmed-

As sometimes happens in

such circumstances, the audience spirit of mucking-in and

the performers' determination

to deliver their utmost came

together to provide an enjoy-

able evening. The opera is, of

course, indomitably enjoyable in its own right - early Bel-

lini, peculiarly pithy and can-

did in its musical and dramatic

qualities, a Romeo and Juliet

pared down to essentials. In

addition (and given that one

should judge any such perfor-

mance with proper caution),

the evidence of careful,

thoughtful musical preparation

For this we must obviously

thank Daniele Gatti (who first

came to the house earlier in the year, as conductor of another Bellini opera, I puri-

tani). He allows not a moment

of slackness or routine; he

was everywhere annarent.

down presentation.

without props or set-change.

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J. 1976

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## Tableaux vivants in search of a story

Cinema/Nigel Andrews

we have a definitive Yin and Yang of modern American cinema. On my right the latest large-screen, all-colour, exploding action thriller starring Harrison Ford and based on a Tom Clancy novel. On my left the strange, delicate and monochrome Swoon. This stars two actors we have never heard of before and is based, with many a deconstructionist trope and modern-ist gay inflection, on the Leopold-Loeb murder case of the

While Patriot Games will pack them in at every Odeon, Swoon will probably fill one and a half arthouses. And while Patriot Games gallons along using as narrative whip the tried-and-true question "What next?", Swoon stands moodily in one place turning different facets of itself to the grainy light.
Thanks to the riddling, frag-

mented structure of this film, written and directed by Tom Kalin, the question "What next?" is replaced by "What just bappened?" History already knows the what-nexts in the Leopold-Loeb story and so do most moviegoers; they were fictionalised in Hitch-cock's Rope and dramatised semi-factually in Richard Fleischer's Compulsion. Suoon makes us turn away from the known culmination points -murder, trial, life imprisonment - to search for earlier formative truths about the culprits and their society.

Leopold and Loeb were two young gay lovers who mur-dered, seemingly without motive, a neighbour's child in Chicago in 1923. Theories grew like jungle weeds around the subsequent trial, where Clarence Darrow, no less, took the defence brief. Were L and L self-styled superman who had overdosed on Nietzsche readings? Were they common-orgarden sadists? Or were they affectless artists of life, seeking

the happily on-hand Jack Ryan (Harrison Ford) saving his nob-ship in the nick of time; and PATRIOT GAMES Philip Noyce then Mr F spending the SWOON remaining 100 minutes eluding Tom Kalin the deranged attentions of the pursuing Bean.

JUST LIKE A It all ends on Cape Cod or WOMAN somewhere, as the British Lord Chris Monger descends on the American Ford for dinner to hand him his honorary knighthood; SECRET FRIENDS whereupon, guess what, the lights go out and the mad Bean Nicolas Roeg

CALIFORNIA MAN

Les Mayfield

scenes to shadow-strewn police interrogations - and still to

haunt us by leaving more ques-

In a mainstream Hollywood

genre film this would be a fault. Why are the ends not

tied up, the audience would cry

in unison? Take Patriot Games Here every loose end is pains takingly knotted by the close

as if by some demented Norn doing punishment time. I once

opened Tom Clancy's nove

with a view to reading it, but

closed it again on realising its extreme dottiness. In the book

CIA hero Jack Ryan heads off

an IRA conspiracy against our

royal family and has much

badinage en route with the likes of Charles, Di, Philip and

HM. In the film these persons

are thrown out and replaced by

an all-purpose fictive toff:

Perhaps as well. What could

James Fox as "Lord Holmes."

the IRA do to the Windsor fam-

ily that the Windsors are not

doing to themselves already?

So we have Provo thug Sean

tions than unswers.

This is one of those films where one cannot spoil the plot even by telling it. In the series of tableaux vivants in screen's last Clancy adventure. search of a "story." Nathan The Hunt For Red October, we Leopold (Craig Chester) and had a red hot story, about a Richard Loeb (Daniel defecting Soviet submarine Schlachet) are young, spoilt and narcissistic; they are also captain, plus some clever casting: one newcomer (Alec Baldwin as Jack Ryan) blended grave, introspective and mysteriously resistant to the probwith one grizzled veteran (Sean ings of police, lawyers and Connery as the Russky). In Patriot Games the plot is threadbare and Harrison even film-maker. Swoon's power comes from its ability to provide a searing photogravure recreation of period and char-acter - from Prohibition Ford's prolific serial-hero career to date (formerly Han Solo and Indy Jones) now lends a sense of dėja vu to this latest speakeasies to Gatsbyish tea parties, from grainy gay love parade of winks, nods and star-

is revealed to be in the garden.

tled reaction shots. To these demerits we must add auto-pilot direction by Philip Noyce (Dead Calm) and an array of the usual wondrous Hollywood-goes-to-Britain topographical oddities. I was particularly struck by the chase scene which debouched from Piccadilly's Burlington Arcade into Aldwych tube station: though I must award a runner-up prize to the reference to Lymington the well-known port in "Kent."

The list of Americans lost in Britain is large and growing larger. Gerald (Adrian Pasdar) in Just Like A Woman is an international banker living in London with his family; at least until he is thrown onto the streets by his wife when she discovers enough silk lin-gerie in his wardrobe to costume an entire Rainer Werner Fassbinder film.

But Gerald is no adulterer. No; forced to answer the question "Who was that lady we saw you with last night?" he would have to reply "That was no lady, that was myself." He is, in short, a transvestite.

Shock for audience; nervous giggles from his new landlady Julie Walters; and then the sweet unfolding of a twin-track plot about passion en travestie, Pasdar bedding Miss W, and bewilderment in the board-

(Paul Freeman) and proving that a man can broker multimillion-dollar business deals even while wearing lipstick and high heels.
Scripted by Nick Evans from

Monica Jay's true-life story Geraldine - Miss Jay being the model for Walters's role the film is endearing even when it sails close to that perilous concept, British comedy. There is many a telegraphic reaction shot and many a ho-ho supporting character. But whenever he is left alone with his two stars, both superb, director Chris Monger fashions a touching tale of love's ability to ride out stupe-

Other new London openings are less auspicious. After Blackeyes Dennis Potter is still being allowed to operate a movie camera: result, Secret Friends. Alan Bates plays the walking, or sitting, identity crisis whose past life flashes before him during a British Rail journey.

Attacked by flashbacks as if by violent indigestion, he is asked by the waiter in one scene if his sole was satisfac-

outfacing his bigoted boss is that kind of film - and after (Paul Freeman) and proving a brief nervous crisis he settles back into the mental jigsawwork that occupies most of the film. His memories include two sexy women (Gina Bellman, Frances Barber), a bloody garden fork, a series of plant drawings, a mad vicar father and heaven knows what else.

When twinned with a welltrained craftsman-director, Potter's stylistic paroxysms as a writer are usually welded and streamlined into art. See The Singing Detective or Dream child. When twinned with a fellow dervish in the director's chair - Nicolas Roeg in Track confounded beyond all recall. Still, it beats California Man,

scripted by Shawn Schepps and directed by Les Mayfield: a jokeless youth comedy from the same industry and mindset that brought us Wayne's World. Here two high school boys (Sean Astin, Paul Shore) accidentally revive a deep-frozen caveman (Brendan Fraser). That the latter proves more intelligent and resourceful than most of the population of Los Angeles is supposed to be



Less of an answer than a deepening conundrum: Daniel Schlachet in 'Swoon' Lord H outside Buck House;

to sculpt the perfect crime? Writer-director Kalin gives us less an answer than a deepening conundrum. His film is

#### Theatre/Alastair Macaulay

## Colquhoun and MacBryde

play, is basically not new: two amen drink thomselves through their early successes and then into their steady decline. Three ingredients make the story plauant: the two were artists; they were lovers; and their story actually

immensely distinguished preshappened – in living memory. As detected at the Royal Court, ence of Anna Sofia von Otier. undertaking here her first both Robert Colombour (1914-62) Romeo. She looks wonderful: and Rober MacBryde (1915-66) were tail, trimly adolescent and athrobust, funny, uninhibited characters, ambitious to the degree letic. She sings words and of considerable self promotion and phrases with her usual, admirable musicality; the tone, when not pinched by the highultimately self-destructive. If, like myself, you knew little of them est reaches of the role, is beaubeforehand, you may be grataful tiful. What she lacks is the for what the play tells you especially in its first half, which essential Italianate attack, colour-variety, forwardness of per-

ends during the Second World War sonality. In my view she is and for the way it puts them in unsuited to the bel canto repercontext. David O'Hara and Ken Stott tory, and the disadvantages both give excellent performances, even possibly the dangers of her further exploration thereof relishing at first the romping comedy, then realising sharply should not be underestimated. the helpless drunkenness that

In repertory at Covent Garden until October 14

The tale of Colquboun and MacBryde, and MacBryde is not much of a play.

as John Byrne tells it in this new Written in a rapid stream of brief bas the drunken MacBryde try to scenes, with Colquhoun providing intermittent commentary during early episodes, it feels like a string of "Do you remember?" anecdotes And the anecdotes - though usually featuring only Colquhoun and MacBryde on stage – give us an sausider's view of both artists. Though the play's main interest lies in the fact that these were homosexual artists, the treatment of their love life is sketchy, that of their painting extremely vague. Psychologically, everything is always superficial. The action touches much too briefly on MacBryde's lealousy of Colquhoun, finds their ambitions entertaining but not revealing; and

> their self-promotiveness and their elf-destructiveness. Though they were an unusual couple, Byrne handles them very conventionally. Most scenes end with such easy punch lines that the events on stage soon seem unhistorical. The dialogue is neatly dotted with jokes and with salacious detail; Byrne works so hard to make the

only hints at any connection between

get the audience to join in a song. The most intentionally riotous scene in which uninvited guests turn a quiet supper into a vulgar farce is just the drunks' version of standard custard-pie comedy. Some of the blame for this depressing slickness must go to the director, Lindsay

Everything about the depiction of the artists' gradual decline is obvious. "What are you staring at?" says MacBryde, at some point in the 1950s. Colomboun, gazing at a huge Abstract Expressionist daub by Jackson Pollock, says, "The future." The rest of the play is endless drunk scene, with fights, recriminations, tears - all treated with wretched glibness. To bring real people to life in drama requires an effort of the imagination; and it is in precisely that department that Byrne's play falls flat.

Royal Court Theatre, until October

#### Concert/David Murray

## LPO Gala

inaugurate their South Bank residency. The thinking behind the programme was transparent: one popular blockbuster - Orif's Carmina Burana

- enhanced by a strong trio of solo voices; one safe Romantic piece for an admired virtuoso - Max Bruch's G minor violin concerto with Pinchas Zukerman; one "advanced" exhibit, not too time-consuming - Webern's op. 6, his Six Pieces for Orchestra (1909) - to show loyalty to the cur-

rent South Bank ideals. It came off pretty well. We have heard more sharply etched performances of the astonishing Webern set, but Mehta synthesised some hallucinatory colours for individual pleces. It was rewarding to learn from Anthony Burton's programme-note that the second piece represents a train journey: suddenly one heard the

music in a new, down-to-earth frame. While Zukerman delivered the Bruch concerto with sovereign professionalism and a nice, unabashed indulgence in period portamenti, Mehta chose to provide self-effacing support. Agreeable enough; but less than a month ago, a Prom perfor-

Tuesday's concert by the London mance with more creative give-and-philharmonic was a Gala Evening, take between orchestra and soloist sponsored by Mrs Jackie Rosenfeld, to searched harder into the music, and gave it a more cogent shape.

Having successfully evaded the Carmina Burana for several years now, I could enjoy it this time. Yes, Orff's deliberately bald writing and his instrumental trouvailles make bracing effects; no, the net impression is never more than the sum of its glinting parts. Mehta paced it with a masterly hand, and the LPO's Choir gave the work everything it deserves except properly gutsy consonants, for which nothing less than a echt-German chorus will do. The Southend Boys' Choir were first-rate: melting in the choirboy-range, unexpectedly forward and lusty when they dropped down to a grown-up tessitura.

Sumi Jo sang the brief soprano solos ravishingly, and Jochen Kowal-ski had been flown in just to lend his artful alto to the Roasting Swan's plaint. The plum baritone role went to Jeffrey Black, the Royal Opera's current house-Australian. If his vocal wattage began to fade before the end. he had already distinguished himself with a calculated air of macho wildness, and musical imagination far beyond the macho norm.

# INTERNATIONAL

#### **BERLIN**

2548 8232)

**CONCERTS** Schauspielhaus 20.00 Marek Janowski conducts Berlin Symphony Orchestra and Ernst Senff Chorus in works by Martinu, Janacek and Schumann. Tomorrow: Pro Musica Chorus performance of Haydn's Creation (East Berlin 2090 2156) Philharmonie 20.30 Aribert Reimann and friends in chamber music by Reimann and Krenek (in the Kammermusiksaal). Tomorrow: Alfred Brendel. Sat. Sun morning and Mon: Bernard Haltink conducts the Berlin Philharmonic Orchestra in works by Martinu, Bartok and Dvorak. Sat at 22,30 in the Kammermusiksaal: members of the Stockhausen family play a new work by Gyorgy Kurtag. Sun: Maurizió Pollini (West Berlin

OPERA Deutsche Oper Sat Elektra with-Gwyneth Jones, Sun: Rafael Frühbeck de Burgos conducts first night of Hugo de Ana's new production of Don Carlos, with

Julia Varady and Glacomo Aragali (West Berlin 3410 249) Staatsoper unter den Linden, Reiner Goldberg, Gunther von Kannen and Magdalena Hajossyova head the cast in Der Freischütz on Sat. Tiziana Fabbricini is Violetta in La traviata on Sun (East Berlin 2004

Komische Oper Christine Mielitz's new production of Rienzi opens tomorrow (East Berlin 2292 555)

### **CLEVELAND**

Severance Hall 20.30 Opening night of the Cleveland Orchestra's 1992-3 season: Christoph von Dohnanyi conducts works by Weber, Brahms and Beethoven, repeated tomorrow and Sat. The next two weeks concerts are conducted by Libor Pesek, and include works by Dvorak, Janacek and Suk. Dohnanyi will conduct a concert performance of Die Walkure on Nov 4 (231 1111)

#### **GHENT**

FLANDERS FESTIVAL Wolfgang Sawallisch conducts tonight's concert by the Bavarian Radio Symphony Orchestra, with works by Hindemith and Bruckner. Tomorrow and Sun: George Cleve conducts the Royal Flanders Philharmonic Orchestra. Sat: Sigiswald-Kuijken conducts La Petite Bande in Cosi fan tutte. Next week: Ghent Contemporary Dance Festival. There are festival events in Ghent till Oct 13 (Tel

#### Brussels 640 1525)

All that is on the one hand. On

the other is the fact that Colquboun

LEIPZIG Gewandhaus 20.00 Rolf Reuter conducts the Gewandhaus

Orchestra in works by Rossinl, Haydn, Bartel and Liszt, repeated tomorrow. Sat: piano recital by Maria Joao Pires. Next Tues Gabriel Chmura conducts Leipzig Radio Symphony Orchestra in works by Beethoven and Mahler. Oct 3-10: Gewandhaus Festival, with guest orchestres from Scotland, Russia and China (7132

#### LONDON

THEATRE Medea: Diana Rigg as Euripides' vengeful heroine, one of the most potent and demanding roles in the classical repertoire. Till Oct 24 (Almeida 071-359 4404).

Rosmersholm: Annie Castledine directs Francesca Annis and Corin Redgrave in Ibsen's drama of thwarted passion. Till Oct 31 (Young Vic 071-928 6363). Square Rounds: a new

theatre piece written and directed by poet Tony Harrison, and performed almost entirely by women. Starts previewing in the Olivier tomorrow. Press night next Thurs (National Theatre 071-928 2252).

An Inspector Calls: a revival of J B Priestley's psychological thriller, directed by Stephen Daldry. In repertory in the Lyttelton with Alan Bennett's The Madness of George III starring

Nigel Hawthorne (National Theatre 071-928 2252). For ticket information about all West End shows, phone Theatreline from anywhere In the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962 MUSIC Sadler's Wells 19.15 Opening

night of Glyndebourne Touring Opera's London season with Nikolaus Lehnhoff's production of Katya Kabanova. The season also includes Le nozze di Figaro and The Rake's Progress (071-278 8916) Covent Garden 19.30 Zubin Mehta conducts Tosca, with Elizabeth

Holleque and Richard Margison

(also Sat and next Tues). Tomorrow and next Wed: Capuleti e i Montecchi. Mon: Fidelio (071-240 1066) Collseum 19.30 ENO production of Ariadne auf Naxos with Janice Cairns and Graeme Matheson-Bruce. Tomorrow and Tues: La forza del destino. Sat and Mon: Rigoletto. Next Thurs: revival of Jonathan Miller's production of Don Giovanni (071-836 3161) Barbican 19.30 Michael Tilson Thomas conducts the opening concert of the LSO season: Tchaikovsky's Rococo Variations

(Steven Isserlis), Prokofiev's Romeo and Juliet, and UK premiere of Colin Matthews' Hidden Variables, Sat. Pinchas Zukerman recital, Next Tues: Colin Davis conducts the ECO (071-638 8891)

Royal Festival Hall 19.30 Evgeny Svetlanov conducts the Philharmonia Orchestra in

Mahler's Sixth Symphony. Tomorrow: Temirkanov conducts the RPO. Sat: Svetlanov conducts The Dream of Gerontius, Sun and next Wed: Andrew Davis conducts the BBCSO. Next Fri and Sun: Giulini conducts the Philharmonia (071-928 8800) Purcell Room 20.00 Nash Ensemble plays chamber music by Stravinsky, Janacek, Smirnov and Petr Eben. Sun in Queen Elizabeth Hall: plano recital by Zoltan Kocsis (071-928 8800)

#### ■ NEW YORK

Avery Fisher Hall 20.00 Kurt Masur conducts the New York Philharmonic Orchestra in Mendelssohn's Violin Concerto (Midori) and Bruckner's Ninth Symphony. Repeated tomorrow afternoon, Sat and Tues (875 5030)

Metropolitan Opera 20.00 James Levine conducts Les Contes d'Hoffmann, with Placido Domingo, Samuel Ramey and Carol Vaness (also Mon and next Fri). Tomorrow and Tues: Faistaff with Paul Plishka, Mirella Freni, Marilyn Horne and Barbara Bonney. Sat afternoon and next Thurs: Madama Butterfly. State Theater 20.00 NY City Opera in Sigmund Romberg's operetta The Desert Song (also Sat). Tomorrow: Cav and Pag. Sun afternoon: Il barbiere di Siviglia. Next Tues: Doktor Faust (870 5570)

#### ■ PARIS

Opéra Bastille 19.30 The new season opens tonight with

Theodor Guschibauer conducting a revival of Le nozze di Figaro, with a cast including Gilles Cachemaille, Marie McLaughlin and Diana Montague. Five further performances till Oct 10. The first new production of the season is Honegoer's Jeanne d'Arc au bucher opening on Oct 9 (4473 1300)

#### ■ PRAGUE CONCERTS

Today's events include a concert of baroque music given by Pro Arte Antiqua Nova in the Basilica of St George and an all-Vivaldi programme in the Rudolfinum. Tomorrow in the Estates Theatre, Martin Haselbock directs the Wiener Akademie in a Weber and Beethoven programme. Jirina Markova gives a song recital on Sat in the Monastery of St Agnes.

The National Theatre has La bohème tonight and tomorrow. Rusalka on Sun and Katya Kabanova next Wed. The Estates Theatre has Le nozze di Figaro on Mon and Tues. The Prague State Opera (formerly Smetana Theatre) has performances every day except Mon, with repertory currently including Swan Lake. Cosi fan tutte, Ambroise Thomas' Mignon and a Zemlinsky double

 For pre-booking and information about other events. contact city centre ticket agencles (Bohemia, Na Prikope 16, 228738, or Melantrich, Wenceslas Square 38 in the passage, 228714) and theatre box offices.

European Cable and Satellite Business TV ali times CET)

MONDAY TO FRIDAY

2000-2030, 2300-2330 World Busi-ness Today — a joint FT/CNN pro-duction with Grant Perry and Colin Chapman

Super Channel
0830-0900 (Mon) FT East Europe
Report - weekly in-depth analysis from FTTV 2130-2200 (Tues) Media Europe -what's new in European medi busines« DUSINESS 2130-2200 (Wed) FT Business Weekly - global business report with James Bellini 0830-0900 (Thurs) Media Europe 2130-2200 (Thurs) FT Eastern Europe Report 0830-0900 (Frl) FT Business Weekly

Sky News 0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Frl) FT Bustness Weekly SATURDAY

CNN 0900-0930 World Business This Week - a joint FT/CNN production 1900-1930 World Business This

Super Channel 1930-2000 FT Eastern Europe

SUNDAY 1030-1100, 1800-1830 World Busi-

Super Channel 1800-1830 FT Business Weekly

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## FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Thursday September 24 1992

## A time for leadership

the events of the past eight days. the prime minister has lost much of his authority. His credibility is near to zero. He put his shirt on Britain's permanent adherence to a particular parity with the D-Mark, and lost. He staked his good name on steadfast adherence to the Maastricht treaty, and saw his stake swept away. He gambled on a carefully nurtured friendship with the German chancellor, and was distillusioned. Now it is asked of Mr John Major that he rise

above these disappointments.
It is a great deal to expect of any individual. The debate in the House of Commons this afternoon is ostensibly about the future of Britain and Europe, but there is a possibility that it will degenerate into a slanging match about the fitness for office of the prime minister and his party. Labour will have to show self-restraint if it is not to initiate such a contest. It is, however, open to Mr Major to set the tone for a serious assessment at a time of genuine national concern. To achieve this, he must indicate that he is no longer befuddled by the hour-to-hour tactics that have characterised so much of what the government has done over the past week.

What is not required is a rehearsal of the by now familiar catalogue of explanations and excuses for the devaluation of the pound. It would be particularly destructive to add to the heaped-up pile of doubts about the position of Britain within any exchange rate mechanism, however strengthened, or any version of the Maastricht treaty, however revised. A U-turn switching the Conservative party away from being the "party of Europe"

towards the narrow nationalism that so ill-fitted Labour before 1983 would be a humiliation for the Tories and a disaster for Britain.

Much will depend upon nuance. The existing Maastricht treaty has no future, but the process of amending it can be either constructive or destructive. Britain should be a friendly participant in the discussions among the 12. It is one thing to wait a few weeks for the Danes to declare their hand; it is quite another to indicate that Britain will not attempt to ratify Maastricht-as-amended until a second Danish referendum has come back with a positive vote. It makes sense to link the ERM and Maastricht, but it is perfidious to suggest that assent to the latter can only follow the elimination of the "fault lines" in the former.

Much more will depend upon tone. "Overail," Mr Major might say, as he did on September 7, "the treaty is good for Britain and good for Europe." He could add that "what lies at the heart of the community... is the notion that by binding together the nations of Europe in a common economic framework it would be possible to build an inextricable network of shared interests that would render war between former enemies

impossible. This would be better than chants about the franc's current difficulties. It would challenge Mr John Smith, the Labour leader, to live up to his solidly pro-European stance. It would not create hos-tages to fortune against the day when Britain once again participates wholeheartedly in European affairs. Such a speech would begin the process of rehabilitation of the prime minister. Anything less

## The franc at bay

of the parity of the French franc is not just a fight to preserve French monetary policy. Nor is it merely about the survival of an ERM without exchange controls. It is about the fate of the Franco-German relationship, the heart of the European Community.

Fresh from having made large fortunes by speculating against ling, investors are testing the French franc's parity to destruction. But the French and the Germans can defeat the speculation. They should use their powers

French Finance Minister Michel Sapin has insisted that the attack on the franc is unwarranted by the fundamentals. He has received strong support for this view from the Bundesbank and the German finance minister, Mr Theo Waigel If one ignores purely cyclical differences between Germany and France, the view is correct. Thus whether or not this parity can be held will show whether any fixed exchange rate regime, short of monetary union, can be preserved

among larger European countries. The cyclical oconomic divergence is important, however, in explaining current pressure. Given the high level of unemployment in France, the unpopularity of the Socialist government and the tiny majority in favour of the Maastricht treaty, investors wonder whether the French authorities will be willing to pay the price that may be needed to preserve the parity. The announcement that German broad money grew at an annual rate of 9 per cent between the last quarter of 1991 and August 1992 further increased

tary policy is unlikely.

French tactics can be faulted. Mr Sapin may, for example, have made an important, if understandable, mistake when he suggested last week that a French interest rate cut was merely being post-poned until after the referendum. Perhaps the French authorities should have raised interest rates ier. Yesterday's 2% Dercenta point increase in the French emer gency lending rate and the over night rates of 30 per cent may also be insufficient.

Yet tactics are not everything. What matters in the end is the determination to ensure that cost what it may - those who buy the French franc will be enriched and those who speculate against it will be impoverished.

The French can do most of what is needed for themselves. But at this critical juncture, they also need German help. The French have dedicated themselves, over almost a decade, to making their country "Bundesbankable". The Bundesbank should return the compliment.

German rates of interest should, If necessary, be cut. Once the fingers of the speculators have been burned, they can be raised once more. This is not a choice which the Bundesbank will want to make, caught as it is between the goal of German monetary stability and that of sustaining the parity between the D-Mark and the French franc. But it should now treat European monetary stability as, to an extent, a Franco-German show the needed flexibility, it will still rule the European monetary roost, but it is likely to do so in

## Nuclear dumping

sea pollution, signed this week in Paris, was right to extend the present ban on dumping radioactive waste for 15 years. But it was also right to resist calls for a permanent ban. The treaty commits the 12 countries bordering the north-east Atlantic to reduce and eventually eliminate the dumping of a wide range of toxic materials.

The most controversial point was that Britain and France insisted on retaining the right to dump low and medium-level radioactive waste in the sea. Alone among the north-east Atlantic countries, they have nuclear sub-marines and power stations that must be decommissioned in the next two decades.

Under the compromise agreed, Britain and France will continue to weigh up land-based alternatives, reporting every two years to their co-signatories, and will fund expensive research into the impact if they consider dumping again after 2007.

This is a sensible approach, though not because such studies will give a conclusive answer. It is impossible to prove that there will never be damage to marine life even when the waste is dumped in full disclosure.

from shore, although Britain and France have many scientists on their side in arguing that the effects could be very small.

But those studies will increase the currently inadequate levels of marine research and help focus attention on the dangers and costs of keeping the decaying bulks on land and the risks to the people who must dismantle and store them. In short, it will help achieve what Paris failed to do this week - to set the risks of radioactive waste in the context of other kinds

of pollution. Top of that list is the discharge of industrial waste into rivers and estuaries. Environmental groups have called steadily for better studies of the effects.

The new treaty has also left unclear some of the obligations on countries and companies to publish information. The Ministry of Defence has claimed recently that under sovereign immunity it did not have to disclose its munitions dumping, and that clause persists in the new agreement. The treaty's fine print is open to interpretation on such points. It should always be interpreted in favour of

he outcome of the battle for the French franc will shed light on the humiliating British departure from the European exchange rate mechanism. It will, for instance, suggest whether the main fault lines were in the mechanism or in the people operating it. If the franc is upheld at its previ-

ously established parity against the D-Mark, it will be a sign that the "hard ERM" has some durability. If the ERM continues to exist, but with a lower parity for the franc, it will show that the hopes of a hard ERM were premature and that the mechanism is best operated as a system of fixed but adjustable

Suppose on the other hand that France, Germany and their smaller neighbours react as Karl Otto Pöhl has advocated, by establishing a currency union "not in 1997 or 1999 but in the near future". Then the moral is that the ERM has been a highly useful transitional system.

Only if the ERM collapses with nothing in its place will the Eurosceptics be able to say that it was the system rather than the people operating it that had been flawed. Even then it was of great help in reducing British inflation.

As far as the UK is concerned, I had always told my friends that I would be left arguing for the ERM policy after the government had abandoned it - as with every other policy I had ever supported. Then I made the fatal error on July 24 of

The UK's unfortunate phrase was: We were overachieving against Inflation'

writing, on the basis of speeche such as the one cited here, that the ERM policy would not be changed while John Major and Norman Lamont remained at their present posts. I do not doubt the chancellor's sincerity in delivering this and similar speeches. After all these years i

did not allow sufficiently for politicians using words differently to the way other people use them. What did subsequently enrage me was Norman Lamont's treatment of defeat as if it were a victory and the new spring in his step as he beat a tin patriotic drum announcing a British policy in British interests". How did we get here? By Wednes-

day, September 16, it was clear to the inner cabinet that the 2 point increase in base rates to 12 per cent, belatedly introduced in mid-morning, had not stemmed the torrent of speculation against sterling. The 15 per cent rate later in the day was just a panic reflex and caused not a flicker of market interest.

The inner cabinet that morning was presented with three options: A huge increase in overnight rates on the Swedish model (but not alas of Swedish dimensions) to deter speculators before the French enaum ine louowing su A temporary suspension of ERM membership until after the French referendum. This was the course followed by Italy which still talks of the earliest possible return. Indefinite withdrawal from the

The third course was chosen after a sum equivalent to more than half the UK's £20bn of reserves had been vainly expended. Not altogether with hindsight, I would have preferred a combination of the first two. much earlier on.

Why was the first course not

ECONOMIC VIEWPOINT

## Anatomy of the UK defeat

By Samuel Brittan

Effects of leaving ERM and cutting interest rates

THERE are those who think we should slash interest rates, cut loose from the ERM all together, and let the pound find its own

"It sounds simple. After all, the US floats its currency; why shouldn't we do so too? But there is, of course, a very significant difference. The British economy is far more dependent on international trade. More than a third of our national output is

imported inflation is very real. Many who advocate floating know full well what the consequences would be. They intend a devaluation of the pound. And they would certainly achieve it. For the result of leaving the ERM, combined with large cuts in interest rates, would be a fall in the pound probably unprecedented in the past 40 years. It's the cut and

exported, compared to just a tenth

for the US. For Britain the threat of

run on the pound. "Whatever the position may be for other countries, we know from bitter experience that devaluation doesn't work for Britain. If depreciating the currency solved anything, Britain would already have been one of the most essful economies in the world.

taken? Partly because the Bank of

England could not guarantee that it

would succeed. And partly because

the increase would have spilled

over for a time into shock horror

The reasons for rejecting the sec-ond course are not so convincing. A

re-entry would have had to be at a

lower parity; but at least the UK

would still have been in the ERM. It

took France eight years after join-ing as a founder-member in 1979

before it could set its face against

The vital background was the offi-

cial view that UK interest rates

were too high on domestic grounds

battle against inflation" was the

unfortunate phrase used by the

British in Washington. There was,

therefore, no stomach for rejoining

at a new parity with perhaps weak-ened credibility and interest rates

But how had events come to such

a pass? The official explanation is

that the force of the speculative

gale was totally unexpected and

unprecedented. I have always heard

this said and never fail to be aston-

ished. Whenever I have been asked

about the likely size of the next

sterling crisis, under many different currency regimes, I have always said: Think of the worst number

Another excuse was that this was

the first time that speculators were

presented with a single day well in

you can and multiply by 100."

"we were overachieving in the

parity changes.

base rates and mortgage rates.

run option: cut interest rates and a

In 1966 the pound was worth amazingiy – more than DM 11. But the devaluations of the past yielded not booming exports but rather a steadily falling share of world

"Contrast that with the export successes of the strong currency, low-inflation countries like Germany and Japan. They have shown that the way to success is to adjust your costs to your exchange rate, not the other way around.

"The stark reality is that outside

the ERM, we would still have to compete with the ERM countries. Some, like Germany and France, which already have low inflation and others like Spain, whose ERM membership is helping bring inflation down. And our initial gain in competitiveness would soon be eroded as imports soared and pay deals rose. That would do British industry no good at all. "Markets should see that, unlike

all our major European competitors, Britain lacked the will to pursue the goal of permanently low inflation. And they would be right. We would have given up after less than two years. They would conclude that we were back to our bad old ways; that given the chance we would always delude ourselves by thinking that with a

strike. This time, the government had months in which to prepare.

little more inflation we could get a little more growth.
"The credibility of our anti-inflationary strategy with businesses and employers would be in tatters. It would certainly be the

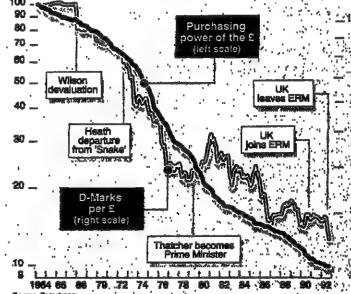
end of the battle with inflation we would have surrendered. And quite soon interest rates would have to go back up again - to much higher levels than they are

Norman Lamont's speech to European Policy Forum, July 10 1992

not the Bundesbank president, Heladvance - that of the French refermut Schlesinger, given the Handels-blatt an interview on September 15 endum - on which to expect parity changes. This cuts both ways. Precalling for a wider realignment than vious sterling crises have blown up unexpectedly after events such as a just the lira. Middle Eastern war or a British

In fact, the Bundesbank was pushing for an ERM realignment well before Britain joined in October 1990. After that, everyone from

A further explanation is that the pound might have been held had the president down to the humblest Domestic & external purchasing power of the pound £ purchasing power index, 1964=100 (semi-log ecole) 210 Purchasing power of the £



staff economist made it clear he thought that the UK had entered at the wrong time and at the wrong parity rate. While Bundesbank pressure for a franc realignment gradu-ally waned, disbelief in sterling's

parity increased.

I am told that these sentiments were not expressed face to face to the chancellor or the governors of the Bank of England. But that is no excuse for their not taking on board what was common knowledge. I could not take a holiday anywhere in central Europe without hearing the sterling parity being attacked by the time we came to the coffee

and schnapps.
I did not pretend to agree. But the Bundesbank economists have straightforward, unreconstructed mainstream views. They judge the sterling parity by the British trade figures and the fact that even in recession Britain's headline infla-tion is still slightly higher than Germany's. There was little chance of the Bundesbank's view being overthrown when it was shared by the vast majority of British commentators, from professors of econometrics to teenage dealers. It cannot be said that the one or two anti-devalu-ation studies that the Treasury did us a favour in publishing and at which the Bank merely darkly hinted, were of the same calibre as the better pro-devaluation analyses Of course it was not statistics or articles which undermined the market's belief in sterling, but the view - perfectly justified in the event that ministers were bluffing and

Everywhere in central Europe I heard sterling attacked before the schnapps

would not be prepared to do whatever necessary to defend sterling in the face of a severe and prolonged recession. I should have noticed the fatal signs when base rates were not raised in July when the ERM divergence indicator for sterling passed minus 75 per cent, pointing to a presumption in favour of a base rate increase, as well as of pro-ster-

ling intervention by others. The case for a system with the D-Mark as an anchor was immensely strong throughout the 1980s up to German reunification which is just when Lady Thatcher was able to veto British membership. I realised that something would have to give last December when the Bundesbank raised interest rates, while outside the Community they were being cut to counter recession. But I did not think aloud because it was overwhelmingly important for Britain to remain in the ERM at the entry parity as long possible if there was to be a chance of breaking inflationary psychology, and improving economic prospects in the 1990s. My hope was that if only we could get past the French referendum, eventually German interest rates would start to many gathered momentum. I had other ideas in reserve.

These are now pipe dreams. But so are the ideas of the motley coalition of right-wing Tory backbenchers and left-wing commentators who believe that there is something called "going for growth" which the government can achieve by the old American slogan of "Cheap money and plenty of it". In one way or another — I hope not too painfully — the exchange rate will regain its place at the centre of macroeco-

**BOOK REVIEW** 

## Tomes of endearment

"Tuesday 3 June 1980: The Daily Mail had the headline, 'Centre Party to be formed on Monday', claiming that Roy Jenkins was going to resign as president of the European Commission within a month and return to British politics. I think it is unlikely.

hus begins the fifth and final volume of the diaries of Tony Benn. As so often, Benn had it wrong. Jenkins did return, and his role in the formation of the Social Democratic party and the alliance with the Liberals was seminal in British politics for much of the 1980s. It was a challenge to Mrs Thatcher, who withstood it, and it had a devastating effect on the fortunes of the already

crumbling Labour party. Still, we should not judge Benn as a forecaster, but more as a chroni-cler of the times or, more accurately, the times as he saw them. As he puts it in a diary entry during February 1981: "I do not leak. I am a diarist. I am the Hansard of the

To the general reader, this volume will seem less riveting than its predecessors. The reason is simple. After Benn's narrow defeat in his challenge to Denis Healey for the deputy leadership of the Labour party in 1981 - a contest that was electric at the time and occupies much of the first 150 pages - he became increasingly out of touch with mainstream politics, even in

his own party. Those who have followed the diaries so far, however, will delight in this coda. It reveals a great deal about the man. Perhaps in the end he will go down as a rather charming English eccentric, and not the wrecker that he sometimes seemed. His principal characteristic was

that he was a late developer. Benn appears never to have gone into a library with an open mind. He relied on books sent to him by TONY BENN: THE END OF AN ERA, DIARIES 1980-90 By Tony Benn Hutchinson £25, 687 pages

his admirers, such as the professor of politics, Raiph Miliband. He seems to have discovered the French revolution only in the 1980s. so much so that there are several references to it in these diaries and he even notes its 200th anniversary. He also picked up fashions rather than set them. Long after most of the educated public must have realised that there was a women's movement, Benn hears about it from the (then) communist, Bea

Campbell, and recalls that he has heard something before from his daughter, Melissa. He must have picked up vegetarianism in much the same way. In Dundee in 1982, he notes: "We went for a meal with the Lord Provost. I didn't eat the gammon steak - I should say that Caroline (his wife) and I gave up eating meat about 18

months ago - just the chips, the peas and the pineapple ring." Benn's taste in politicians is equally revealing. He came to distrust Michael Foot later on because of Foot's alleged move to the right. Neil Kinnock he disliked and distrusted from the start. When Kinnock introduced the pink rose as the party symbol, Benn wrote his own words to The Red Flag: "The people's rose in shades of pinks/

Gets up my nostrils and it stinks." He could not stand Edward Kennedy, who reminded him of Roy Jenkins. He thought that Stuart Holland, once a young ambitious Labour MP on the left, would make a better foreign secretary than David Owen. He was not entirely disrespectful of Roy Hattersley. It was the Tory individuals he

preferred - Margaret Thatcher, of

stamp on the Tory party just as he would have liked to have done to the Labour party. He learned and approved of how she did it from the young William Waldegrave. There were others: Geoffrey Howe, Julian Amery and Enoch Powell are all Powell, he notes: "Although Enoch is a nationalist and I am an internationalist, there is a sort of commonality of interest between us." Michael Heseltine, on the other hand,

reminded him of Kinnock. Keith Joseph was a favourite. Once they met on the railway platform at Bristol, "got into an empty first-class compartment and talked all the way back to London". At Paddington the engine driver called out: "I wish I could get a picture of you two buggers for the newspa-

The eternal boy scout had his endearing traits. When he lost his seat in parliament and had to pay for his own mail, Benn, the forme postmaster general, was astonished by the "astronomic" cost of postage stamps. The former minister of technology puts a hammer through the bowl while trying to mend the lavatory seat. And the man who wanted to transform society admits: "I just can't cope with financial

Nevertheless, he tells it all and all five volumes have been wonderfully edited by Ruth Winstone. Towards the end, there is a prophetic gem: "9 March 1989 - William Cash, a young right-wing Tory MP, told me that the Tory party was on the point of splitting over the federalisation of the Common Market . . . the issue would realign British politics in a way comparable to the alliance of John Bright and Disraeli at the time of 1867 Reform Bill. This," Benn comments, "was music to my

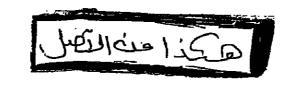
Malcolm Rutherford

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WE GO FURTHER



## Out of the flying pan and into the fire

BAe's long-awaited restructuring plan has shaken rather than restored confidence in the company, says Paul Betts

space's chairman, clearly felt misunderstood yesterday when his company's shares fell out of

His long-awaited announcement of a sweeping restructur-ing programme at BAe to stop the financial baemorrhaging at Britain's biggest manufacturing company was supposed to restore some confidence. The reality, however, was starkly

The City of London was unimpressed by the package and remains unconvinced that Mr Cahill and his top management team have found the key to secure the company's future. Mr Cahill, however, put on a brave face. He said he had bought his shares in the company at 357p. "I'm going to hang on and buy some more," he added, as the share price fell 43 per cent to close yester-

here in the

ope i had

the attacks

The shares have been in free fall since BAe became engulfed in a management crisis and launched a controversial \$432m righta issue a year ago. Mr Cahill was brought in as chairman last May to oversee a new strategy for the group and its activities, which range from defence and commercial aircraft to Rover cars and prop-

erty.

But the steps announced by Mr Cahill yesterday – including a 2750m write-off for the restructuring costs of the company's loss-making regional jet business; the closure of the Hatfield aircraft manufacturing plant; the loss of another 3,000 jobs; a preliminary agreement to form a regional jet joint venture with Taiwan Aerospace; and the concentration of turbopropeller aircraft production at Prestwick in Scotland – failed to lift the question-marks still hanging over the future of BAs.

Put simply, the fundamental problems facing BAe have not changed in the past 12 months. If anything, they have become worse, judging by the pre-tax reported for the first six months of this year compared with a profit of 286m in the first half of last year.

spending cuts have put all of the company's business activities under increasing pressure. Defence continues to be the main profit centre with £296m profits in the first half on sales of £2bn. But the question is whether this profitability can be maintained in the longer term in a declining market.

BAe hopes to win another big order for military aircraft from Saudi Arabia soon to help underpin its defence business.



John Cahill: putting on a brave face as share price falls

But it also faces growing doubts over the future of the European Fighter Aircraft in which it is the main UK partner. Mr Dick Evans, BAe's chief executive, suggested yesterday that BAe could "go it alone" on BFA if the Germans and the other European partners in the project, Italy and Spain, pulled out. However, many in the industry believe any future combat aircraft project is unlikely to fly with-

half. Bae sees its 20 per cent participation in Airbus as one of its most promising long-term assets now that Airbus has captured 30 per cent of the

market for large airliners. Mr Cabill's first big move has been to tackle BAe's regional airline activities. The company considered many options, including shutting down the entire regional aircraft operations, maintaining the status quo, or seeking a

The recession and defence spending cuts have put all of the company's activities under increasing pressure

out international collaboration. joint venture partner. In contrast to the profitable defence business, BAe's commercial aircraft activities have "For every one pound made by the military division, the civil aircraft division loses 96p," the company says. The commercial aircraft operations lost \$286m in the first half of this year compared with a loss of £32m

the previous year.

The losses have largely come from BAe's regional and commuter aircraft activities. Although it lost 24m on its activities in the European Airbus programme in the first

until 1981, and the last use of

murderer only four years before. Alas, the name of the

last speculator to get the chop

Equity hangover

■ What's to be read into the

fact that Chicago's financial

London information meeting

for the new FT-SE 100 share

in the Downtown Athletic

Ore no more

Bang goes another little

deemed it no longer worth

While it still represents

slightly more than Britain's

Ip, decades of inflation have

reconciled even sentimental

Swedes to the disappearance

of the tiny coins, which must

be swapped for krona by the

end of the year, indeed, it's

pieces to be left lying on the

ground, simply because the people who've accidentally

dropped them can't be

not uncommon for 10 öre

keeping.

piece of history. Sweden's 10

ore coin is to be taken out of

circulation next Thursday, the authorities having finally

index futures in a City brewer, today, whereas next week's bash in New York will be held

wizards are holding their

the guillotine was on a

remains a mystery.

By taking a £750m write-off to cover its regional jet operations, BAe has prepared itself for the worst. But it still hopes to remain an important player in the regional jet mar-ket by forging a joint venture partnership with Taiwan Aerospace. Such a partnership could help BAe challenge the European regional aircraft con-sortium now being put

space of Germany and Fokker of the Netherlands.

BAe appears optimistic it will complete its Taiwan deal by the end of this year. This

together by Deutsche Aero-

would see the two partners investing \$250m each in the venture to build the family of BAe 146 regional jets launched by the company earlier this

But the regional aircraft market continues to suffer from acute overcapacity and intense. The deal struck with Taiwan is still no more than an agreement in principle. The US McDonnell Douglas company negotiated a similar deal with Taiwan Aerospace last year which has so far produced no concrete results.

The decision to concentrate all BAe's turbopropeller aircraft activities at Prestwick is designed to improve the pro-ductivity of these loss-making operations. In the longer term, BAe may also be forced to seek a partner to strengthen these

It tried to do so with its corporate jets when it announced in May that a majority stake in this business was up for sale. Yesterday BAs confirmed it would retain this activity. The fact the company failed to find a buyer prepared to make a sufficiently attractive offer for its corporate jet division did little to improve City senti-

The Rover car activities continue to be plagued by the depressed state of the UK market, and there are few signs of recovery. Rover, which reduced its first-half losees to 231m from 243m last year, has been turned into a much more efficient manufacturer during the past two years, helped by its parinership with Honds of Japan. The immediate issue is whether the UK car market can recover to the point where Rover can start to make

BAe also expects its property assets, totalling about 13,000 acres of prime sites in the UK, to generate cash when recovery occurs. Although they are both struggling, Rover and the property business appear far less of an immediate problem for BAs than its debacle in the commercial aircraft sector.

Mr Cahill and his team believe they have now taken a significant step towards resolving the company's commercial aircraft difficulties. The joint venture with Taiwan would protect jobs in the UK and ensure the country's presence in the regional jet market, Mr Cahill said, adding that his strategy was "evolutionary rather than revolutionary".

By its reaction yesterday, the market was looking for revolution. One could soon be in the offing. With its share price plunging, the City was again rife with rumours of a possible

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SEI 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

#### Reality of being out of ERM

From Lord Cobbold.

Sir, It is naive for anyone to assume that we can copy the US and reduce interest rates to low single figures and let the currency float down. The US economy has only a 10 per cent exposure to external markets, Britain's is over 40 per cent. Apart from the inflationary implications, it would be an aggressive act of competitive devaluation that would jeopardise our trading relationships and particularly our participation in the single market

Can Britain expect its Euro-pean partners to welcome a flood of cut-price Nissan cars from Sunderland next year? The devaluation that has already taken place provides

ample short-term stimulus to the economy. The government must quickly define a new exchange rate target and re-establish its credibility. The best way of doing that is to rejoin the ERM at the earliest oppor-

Why the authorities allowed the foreign exchange market to pick off the currencies one by one, instead of acknowledging earlier that the unexpectedly high cost of absorbing east Germany was legitimate justification for a general realignment, remains a mystery. The ERM is, after all, designed as a fixed but adjustable system. Its purpose is to pave the way to a

If we had had a single currency in Europe, monetary

## Training delay bad for unemployed

From Mr John Farago. Sir, The government wants

employment training to be more tightly restricted to people who have been unemployed for more than six months ("Training obligation for jobless ruled out", September 23). But common sense, research evidence and good "outplacement" practice indicates that help, guidance and re-training are most needed and most effective immediately after or even before the impact of

mium, meaning higher interest rates, will apply if we are out-side the ERM. We will not

escape the Bundesbank by opt-

John Major has to recover

the initiative in Europe while he is president of the Council.

It will require great courage

but he should use the events of

last week as justification for accelerating the establishment of a monetary institution that

is responsive to the monetary

needs of Europe as a whole and

not just to the perceived needs

of one member country.

Lord Cobbold,

managing director.

individuals and the economy of this delay must outweigh any saving of public expenditure. It is like the ambulance service restricting service to those accident victims who have not walked away or found other help for more than six hours. Now, there's a thought for the Treasury! John Farago,

121 Church Road Wimbledon London SW19 5AH

#### Smoothing in pressures would have been more evenly spread and last week's crisis would not have the short term, happened. Reality will inevitably require management of the exchange rate vis a vis the but long term? D-Mark and a higher risk pre-From Mr Stewart Vaughan.

Sir, At the beginning of 1979 the pound was worth about FFr8.50. The French franc joined the EMS and, for most of the next 14 years, the pound stayed out. Today, the pound is again worth about FFr8.50. Both currencies have, therefore, in the long term, lost a similar amount against the D-Mark, one within the EMS and one, mainly, outside.

The question cannot be avoided: apart from smoothing out short-term fluctuations. how can it be held that mem-bership of the EMS preserves exchange rate parities? 95 Avenue de la Republique 75011 Paris.

#### First with computer fax system

From Mr Peter Burton.

Sir, Your very interesting article (Technology, September 22) about a machine that can send the contents of a personal computer floppy disc over the phone gives the credit for this technique to the Japanese.

in fact, the first machine of this kind in the world (as far as we can discover) was designe in Britain and launched on the UK and European markets as the "Diskfax" nearly two years ago by our company. It now has a substantial base of users in large corporations and in niche markets such as desk-tor publishing and computer-aided

Not only did the British Diskfax pre-date the Japanese device but it has a substantially higher performance. By using a novel transmission method, it can send discs virtually error-free over ordinary telephone lines. Its users do not need to have access to an integrated services digital network (ISDN). It can also operate unattended, just like a fax machine, and can share a single phone line with a fax machine.

We hope that in making these points our letter will demonstrate that not all innovative electronic products originate in Japan. Peter Burton,

chairman. Alfa Systems, 32-66 Stratford High Street, London E15 2PD

#### Singapore aims to maintain competitiveness in face of western recession

From Mr Abdul Aziz Mahmood. Sir, Your article "Growth falls give Singapore an attack of economic angst" (September 16) is misinformed.

Singaporeans do not "watch as their old rival, Hong Kong, continues to grow rapidly". Rach year since 1988 Singapore has achieved higher growth and lower inflation than Hong Kong. This year Hong Kong expects growth of 5 per cent, the same as Singapore.

The construction boom is due to the private sector rather than the government - the share of public sector projects fell from 80 per cent in 1987 to 48 per cent this year. The government is not pump-priming the economy by pouring money into the construction sector": in fact it is considering

postnoning some of its projects until the industry cools down. Manufacturing output does not "continue to fall". While the sector contracted in the first half of 1992 (-0.4 per cent), it is now expanding, and full-year growth should be 2 per

Being a small open economy. Singapore never believed it could "escape the effects of the

recession in the west". Hence, its emphasis on maintaining competitiveness,

The strong exchange rate reflects investor confidence and has kept inflation low. Transportation, telecommunications and other business costs have remained stable. Wages have risen faster than productivity, but no more than in other newly industrialised economies.

Measured against them our overall relative competitiveness is at the same level as in

Commentating on the Singa-

ardous, but anyone leaking or receiving confidential official data does so at his own risk. GDP growth estimates are classified secret until they are properly released, because they are price sensitive information. Journalists or financial analysts who obtain or use them without authorisation will be dealt with according to the

Abdul Aziz Mahmood High Commissioner, Singapore Righ Comm Wilton Crescent,

## OBSERVER

## A trouble aired...

Don't talk of the "flight from the lira" to the Bank of Italy's 71-year-old governor Carlo Azeglio Clampi. On top of the thankless task of defending the national currency, he has been having ups and downs

with airlines too.

For instance, the aircraft taking him to last weekend's IMF meeting in Washington returned to Rome with a fault an hour after take-off - which may explain a certain change finally arrived. Normally extraordinarily

reserved in public, he began airing his feelings about such things as the behaviour of Italy's European Community partners on the fateful weekend of September 12, which led to the lira devaluation and currency-market chaos.

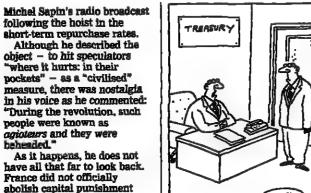
While admitting his country's failure to put its financial house in order, be plainly deplores other EC governments' unwillingness to devalue in concert, even though a number knew their currencies needed adjusting.

If the principle of a general realignment had been followed there and then, he said, "the Germans would have certainly lowered their interest rates further". The British shouldn't need telling who were the main culprits he had in mind.

Whether his communicative mode will continue can only remain to be seen. But the omens seem good. His flight home for urgent appointments yesterday was two hours late.

Cut back

■ The French government's vows to head off the currency speculators took on a sharper tone with finance minister



'Sod industry – let's play with sterling'

bothered to pick them up. But given the national abhorrence of waste, at least in principle, the citizenry will be reassured by the promise that good use will be found for the estimated £21m worth of ore due for withdrawal. The coins are to be sold off for melting down into scrap metal.

Unusual move

 Saudi Arabig's celebrations of the 60th anniversary of a unified state put a modern gloss on the old adage, plus ca change. A blitz of publicity material mailed to supposedly influential Brits rejoices under the slogan: "Sixty years of progress, without change."

Riyadh watchers eagerly awaiting news of King Fahd's next move towards constitutional reform, take

Becalmed

■ What is going on at Sir Nigel Broackes' Trafalgar House? The shares of the embattled conglomerate slipped to 50p yesterday - capitalising the group at around £250m - and

Lord Matthews, Sir Nigel's old partner, tells me that he is as puzzled as everybody else at the decline of his old employer. It is almost 10 years since he and Trafalgar's newspaper interests were spun off, yet he retains as lively an interest as ever in the affairs of the

conglomerate. "If the busines is going to continue, then the shares are a ridiculous price." he tells Observer from his farm in Jersey. However, what worries him is that he has seen no sign of Trafalgar's directors buying shares at current

According to Directus, the Edinburgh-based firm which monitors directors' share dealings, it is 9 months since Trafalgar's directors hought shares at levels more than double the current price. Sir Nigel and his family sold a chunk in May, at around 133p, and since then nothing. Lord Matthews says this makes him very cautious".

The company, which normally reports its full year figures in December, is not yet in its close season which would prevent directors dealing.

One possible explanation is that the directors know of some potentially price-sensitive deal - such as a large asset sale - which prevents them underscoring their confidence in the business by topping up their

The Max factor ■ And what is the name of the site 400 miles off Cornwall where Britain's Defence Ministry has been slated for dumping all its old bullets. bombs and hand grenades? The Maxwell Fracture zone

 named after the distinguished Scottish scientist, as opposed to the late scientific publisher of like



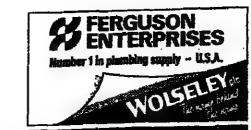


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Decision on rejoining race for the White House could come next week

## Perot ponders reviving campaign

MR ROSS PEROT may decide next week whether or not to revive his abandoned campaign for the US presidency and, if so, on what basis.

The Texas billionaire, who on Tuesday said he made a mistake in withdrawing in July, has tentatively scheduled a meeting next week with the state heads of his volunteer movement. He says he will take their advice and several of them have publicly urged him to get back into the race.

On Tuesday Mr Perot had private meetings with Mr James Baker, who runs President George Bush's campaign, and Mr Ron Brown, chairman of the Democratic National Committee. No report of either meeting has

Perhaps the best insight into Mr Perot's thinking was provided

Banks reject

By Robert Peston in Washington

THE ONLY serious bid for

rejected by bankers to the finan-

cially-troubled London property

vital private sector contribution

to the costs of extending the

which is crucial to Canary

Given that, the bankers have

whether they will provide the

Bankers gathered in Washing-

said Canary Wharf's 11 leading

bank creditors have voted by

seven to four to reject the offer from the consortium, which was

bank, led opposition to the con-sortium offer, whose main champion among the banks was Canadian Imperial Bank of

Some banks opposed the bid because it would have left Mr

Reichmann with an equity inter-

est lu the project, and they blame him for their losses on loans to the project.

The consortium, which was

proposing to inject between £235m and £350m into Canary

Wharf, would have provided the first tranches of a private sector

contribution to the Jubilee costs.

tribution will be provided.

bid was the only serious offer for

Canary Wharf, Some bankers believe the Jubilee line extension

is essential to attract tenants

and save the banks from huge

losses on the £576m they lent to

Canary Wharf. Uncertainty over the project's

future persuaded two US finan-cial institutions, Chemical Bank

and American Express, to cancel their plans to move to Canary

The banks are considering pro-

posing to the government that if

it rented space at Canary Wharf,

the banks would refinance the

buildings let to the government and pass the funds back as a

The administrators to the proj-

ect, three partners of accountancy firm Ernst & Young, want

to put a proposal to the govern-ment in the next few days.

The administrators, appointed in May under UK insolvency legislation, are trying to raise additional funds by selling Canary Wharf's substantial tax credits

to British Gas, the UK gas com-pany, and by selling the free-holds of two buildings to Texaco,

the oil company, and to Morgan

Chemical Bank blow. Page 8

Stanley, the investment bank.

Inhiles contribution.

founder of the development. LLoyds Bank, the UK clearing

US bid for

Canary

Wharf

development

Wharf's prospects.

£170m (\$290m) needed

James Squires, the former Chicago newspaper editor who served as press secretary to the earlier effort and who is still on the Perot payroll.

Mr Squires, saying he had spoken to Mr Perot several times over the weekend, repeated that Mr Perot wanted to continue to put pressure on Mr Bush and Mr Bill Clinton, the Democratic pres-idential candidate, to come up with credible plans to cut the

He added: "I don't think there is a chance in hell that Ross Perot could ever endorse George Bush." He could support Mr Clinton if the Democrat adopted some of his budget-cutting ideas, and he could launch a limited campaign, confining himself to states such as Texas and Florida "just insists he does not want to re-enter the race as "a spoiler" and this renewed teasing of the politi-

cal process is mostly designed to satisfy his own massive ego.

Opinions are divided over the impact of his possible return. It might initially hurt Mr Clinton, because he was the principal beneficiary of the July withdrawal, but the hard core Perot support is indisputably mostly Republi-

In Florida and Texas, it could work to Mr Clinton's favour, though in the industrial midwest, now leaning Democratic, it might cut the other way; in California, where Mr Perot was popular, Mr Clinton now seems too far ahead to be threatened.

If he gets back in the race, Mr Perot will presumably claim a place at the candidate debates

assuming at least one takes place. The Clinton and Bush campaigns continued yesterday to accuse the other of conspiring to prevent this confrontation, but if Mr Clinton's lead - 21 points in the latest Washington Post/ABC poll – continues to hold up the president may have no choice but

reflecting Mr Baker's thinking, continues to maintain that Mr Clinton has most to gain by appearing on the same platform with the president in dehate.

It has therefore rejected the latest proposal by the indepen-dent commission in charge of the debates that one be held in Louisville, Kentucky. next Tuesday with a single moderator rather than with a panel of questioners, as the Bush campaign



Yugoslay prime minister Milan Panic leaves the UN General Assembly before delegates voted

## British MPs show growing opposition to Maastricht

AT LEAST 40 Conservative MPs are ready to defy the government over Maastricht, fuelling doubts over Mr John Major's ability to deliver British ratification of the treaty.

The UK government has told With both the prime minister the banks that the Jubilee extenand Mr Norman Lamont, the sion to Canary Wharf and other parts of East London will not be built unless it receives a firm chancellor of the exchequer, fac-ing the toughest tests of their political careers today in a Commons emergency debate on ecocommitment by the end of the month that a private sector connomic policy, an FT analysis indicates that opposition to Maas-Bankers said the consortium tricht in Conservative ranks is

gathering pace. The analysis, compiled from direct contact with scores of Conservative MPs, does much to explain the pronounced Eurosceptic tone that Mr Major has adopted in recent days.

It shows that antipathy to Maastricht on the government benches has grown markedly since May, when the bill imple-menting the treaty received its second Commons reading. In that vote, the number of Tories voting against the government was pegged at 22.

There was relief for the government, however, as the Labour party opposition explicitly ruled out supporting a referendum on

Maastricht. An amendment calling for a referendum was widely regarded as the most likely way to bring about a government defeat during the passage of the Maastricht bill, since support for it goes

beyond the Euro-sceptic camp. The Tories will be anxious to exploit signs that the Labour party remains divided over the approach it should take to

a new policy statement.

The figure of 40, representing nearly one in five Tory MPs who are not in government, comprises those who would not support the government if it reintroduced the bill implementing Maastricht to the Commons unamended. Another sizeable group of MPs expressed serious reservations and declined to pledge the gov-ernment their unconditional sup-

In spite of the turmoil of recent weeks, some Tories still express faith both in the treaty itself and the government's ability to command a majority for it in the

> Major watches the enemy Editorial Comment, Page 12

## Easing Maastricht fears

Continued from Page 1

minister. According to news agency reports from France, Mr Pierre Berégovoy, the prime minister, said decisions must be brought closer to the people. The subsidiarity principle – maximum devolution of decision-making - must be "fully realised",

Renegotiation of Maastricht was not discussed on Tuesday night. Both leaders, the principal champions of European union, remained firm in their commit-ment to the treaties even if they took longer than expected to be

ratified by EC members.

Although there was some disparity between French and German versions of the precise contents of the Paris meeting, it was clear that both leaders felt the need for an initiative to bolster

the reports said.

popular confidence in economic and political union, which has been weakened by the Danish referendum No and the narrowness of the Yes vote in France.

According to an opinion poll published yesterday, more than 70 per cent of Germans want to keep the D-Mark in preference to a single European currency, and only 32 per cent support the Maastricht treaties as they stand. Speaking on German television after the Paris talks, Mr Kohl made an unusually robust attack

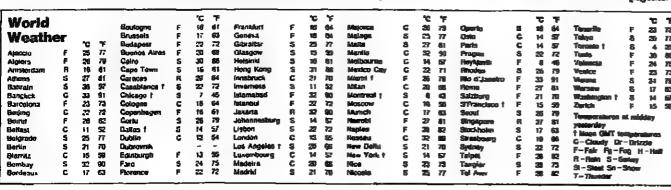
on "regulation mania" in Brus-sels, which had to be reined in. Reflecting growing public antipathy at home, although not naming Germany, he spoke of reservations among people in different EC countries over an "over-powerful bureaucracy...which destroys national identity".

#### Brussels moves to defend role

Continued from Page 1

meddling. Increasingly demoral-ised officials believe, however, this sort of cap-in-hand posture will rebound on the Commission. which under EC rules has the sole right to propose legislation. Sir Leon Brittan, the UK's senior commissioner who runs competition policy, joined the fray last night, warning against the danger of "Euroscierosis"

again taking hold. "We must not abandon all poli-cy-making in the face of anxiety, and the fear of one political hur-dle after another", he said. He appealed for renewed confidence between EC institutions and member states. "It is time to stop mutual rectimination and aba don the search for scapegoats."



#### THE LEX COLUMN

## BAe in need of defence

Those who hoped that British Aerospace's interim results would dis-pel uncertainty about the company must be sorely disappointed. For all the management's insistence that it has grasped the nettle, thorny issues remain; the sharpest being actually signing the Taiwanese jet deal, prog-ress on the Saudi Al Yamamah contract, the survival of the European Fighter Aircraft and the future cost of producing its turboprop airliners. Given all that, valuing the shares is extremely difficult. Fund managers must be secretly relieved that BAe is now small enough to ignore in their

portfolio weightings.

In the absence of an earnings stream, yield valuations are the conventional prop. But BAe's dividend outlook is still unclear. The company surely intends the proposed 3p interim dividend as a stable base for dividend growth, and if a similar final payment is made, yesterday's close of 113p would put the shares on a yield around 7 per cent. However, even that payment must depend on the success in the Taiwan deal and the generation of retained profits elsewhere,

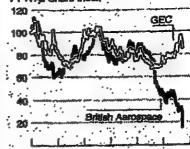
Asset valuations are also uncertain. If the company was broken up in current economic conditions even BAe's prime assets like Rover and some of Arlington's sites would be very difficult to move at anything other than fire sale prices. With a weak market worldwide the longer term reliability of defence profits may also be in ioubt. The cancellation of the EFA would deprive the company of much needed work for its Wharton plant later in the decade and a platform for several of its missile systems.

Denied solid valuation criteria, shareholders must now form a view on the management. Has the team pro-vided for the thick end of the problems, as it claims, and can it unlock the value of BAe's assets without treading on more land mines; or will BAe remain accident prone? Mr John Cahill's record at BTR suggests investors should have confidence. But defence is a singular business and there are other managers further down the line used to the bad old ways. A turnaround will depend on his ability to convert or replace them.

#### Currencies

There is a great frony in the troubles facing the French franc. If anything, the fundamentals suggest it ought to be a candidate for revaluaFT-SE Index: 2580.5 (-5.5)

Shares price relative to the FT-A All-Share Index



vice versa.France has a tighter fiscal policy, and its inflation record has been consistently better. Consumer price inflation is only 2.7 per cent compared with 3.5 per cent in Germany, Still the franc's position remains precarious. Yesterday's rise in short-term interest rates backed up by interven-tion and the outspoken verbal support of the Bundesbank brought only partial relief. As Britain found last week, the weight of capital flows rapidly becomes too great to resist when the market loses faith in a given currency. The political will to hold the line is

undeniable, but it looks increasingly as though the markets will exact a price in the form of a significant German interest rate reduction. That would incidentally open the way to further rate cuts in Britain. It might bring some relief to Spain, which has alienated foreign investors in its government bond market through the reimposition of exchange controls. Most important, it would be a gesture of recognition by the apolitical Bundesbank that Europe's aspiration towards integration has conferred on

it a political role. That may be hard for the bank to square with its legal obligation to tar-get domestic price stability. It could argue that the appreciation of the D-Mark against sterling, the lira and the peseta already imply some offset-ting deflationary effect. The point is that it has little time time left to wrestie with its conscience. The crunch is probably only days away.

Results from Barratt Developments

without a confident assertion from Sir Lawrie that the UK housing market is on the turn. Figures of the kind which so impressed the market yesterday, though, have recently been anything

Barratt's apparently gravity-defying performance – the £117m turnaround at the pre-tax level includes an astonishing 50-70 per cent jump in UK operating profits, according to outside esti-mates – owes much to last year's thumping write-off in the value of its land bank.

The achievement is a good deal more than cosmetic, though. Every-thing points to a classic tightening up of financial controls and a substantial squeeze in working capital. The number of unsold houses has fallen from 900 to 500, those held in part exchange now total 800 against 1100 at the start

of the year. While not belittling Sir Lawrie's determination - or indeed challenging his strategy - the most difficult bit may be yet to come. It does not require much of an act of faith to see margins of 10 per cent by 1983-94, but without an unduly bullish view of the housing market it is hard to see where the growth comes thereafter. That said, even after yesterday's jump in the price the market is a bit uncharita-ble in valuing the shares on a forward multiple less than half that of some of the sector's quality players.

As they might say at Tottenham, the boy's done good. Having sold a 7.5 per cent stake in Amstrad for 79p per share — putting roughly one-third of the £34m proceeds into gaining control of the North London football club — Mr Alan Sugar announced yesterday that he may be ready to bid 30p per share for the outstanding 65 per cent of the personal computer company

which he does not already own.

Taking Amstrad private – and completely away from the public gaze – may be a good idea at this particularly awkward stage in the group's che quered history. Ordinary shareholders though, are entitled to feel deeply frus-trated. If latest estimates that the bal-ance sheet contains 19p of net cash per share are correct, Mr Sugar is picking up Amstrad's existing products, its distribution network and any ideas in the pipeline for just 11p. There is obviously no prospect of a counter bidder. It goes to show that it is not only continental minorities that get

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## **FINANCIAL TIMES** COMPANIES & MARKETS

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Thursday September 24 1992



#### INSIDE

#### New broom at Rothschild Bank

The British, French and Swiss Rothschild families who own Zurich-based Rothschild Bank are hoping that an additional SFr150m (\$115m) provisions and a new general manager can end the bank's troubles. Page 16

#### French under pressure

#### French equities initially

rallied after the central bank raised key interest CAC 40 Index rates, before falling back on fears that efforts to 2.100 -support the franc may fall. The CAC-40 index which had seen a high

of 1,851 during the ses-sion, retreated to close 3.88 lower at 1,828.93.

This is a fall from around the 2,000 level at the beginning of June. Back Page

#### Norway stops oil groups leaving



Norway is considering big changes to its energy policy in an effort to stop foreign oil companies leaving. The oil groups have shown signs of moving to Vietnam, Angola and China. Norway has become the fourth biggest exporter of oil in the world, and is anxious not to threaten that position. Page 25

#### Caracas equities fail to rally

Venezuela's economy, which posted the high-est real growth in Latin America last year, continues to expand in 1992 but the Caracas equity market is lagging behind. Prices on the Bolsa de Valores de Caracas have been unable to recover to the level they reached last February 3, the day before a group of army officers staged the first coup attempt seen in Vene-zuela since the sariy 1960s. Back Page

#### Zucchi dents its record

Zucchi, Europe's leading producer of household textiles, is set to announce a fail in net earnings for the first half of 1992 — denting the Italian group's six-year record of earnings and dividend growth. Page 17

Write-offs pull Magnum into loss Magnum, the New Zealand drinks group, announced net losses of NZ\$233,36m around on the previous year's profits of NZ\$25.24m. The company made heavy writeoffs on the sale of non-core assets and other investments, Page 18

#### Airtours buys Pickfords

Airtours, the UK's third largest tour operator, has bought the Pickfords travel agency chain for £18m (\$27.2m). Airtours will pay for the purchase from its own cash resources. Pickfords Travel is the UK's third biggest travel agency chain. Page 22

#### Geest warns on full-year figures

Geest, the UK fresh produce and prepared foods group, increased pre-tax profits 2 per half year to June 27. However, a recent col-lapse in fresh produce prices led to a warning that the full-year results may be less than last year's pre-tex profits of £26.2m. Page 21

## Market Statistics

Benchmark Govt bonds FT-A indices Fack Page
FT-A world indices Back Page
19

Liffe equity options Landon tracit, option Managed fund service Money markets
New Int. bond issues
World commodity prices
World stock mixt indices
UK dividends amounced

Companies in this issue

Air Canada Amstrad Barratt Black & Docker British Aerospikow

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#### Chief price changes yesterday

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## Bohn to quit as chief of Porsche

#### By David Waller in Frankfurt

SPECULATION about the future direction of Porsche, the troubled German sports car manufacturer. intensified yesterday after the company announced that Mr Arno Bohn would step down as chief executive at the end of the

The Stuttgart-based company said Mr Bohn, 45, was leaving by mutual agreement because of differences of opinion over business policy. His successor will be Mr

General Motors of the US, yesterday officially opened its DM1bn, (\$690m) assembly plant where

less than two years ago the east German motor industry was

building antiquated Wartburgs.

For GM, the Eisenach plant is a chance to demonstrate that on a

greenfield site in Europe it can

achieve the high quality, produc-

tivity and efficiency of the Japa-

nese "transplants" set up by Nis-sen, Toyota and Houda in the

UK, and which have already

sprung up across North America

For the hard-pressed German

government it is a chance to

show that reunification can lead

to the rapid regeneration of east

Yesterday was an occasion for proclamations of faith, both in the industrial re-birth of east

"Today we must say 'Go east!, young man, go east!," declared Mr Jack Smith, GM president,

GM president plans to close 21

plants by the mid-1990s, but in

Europe GM needs new capacity

to respond to a market that has

reached record sales levels for seven successive years.

In terms of sales volumes the

boldness of the GM vision - the

speed of execution in Europe con-

GM's lumbering bureaucracy in

North America - has already

been rewarded. In eastern Ger-

many Opel has emerged as the

number one make ahead of

Mr Louis Hughes, president of

GM Europe, came to Eisenach for

the first time on January 8, 1990,

and is the driving force behind

GM may need the extra vol-

umes offered by Eisenach, but Mr

Hughes insists, "We have only

GM's push into east Germany.

sterday. In North America the

German industry.

Germany and of GM.

ble for production. The move comes several months after a dispute between Mr Bohn and the supervisory board. The board at first failed to confirm him in office, going so far as to line up an outside successor. But in February it renewed his contract for three vears after he threatened to

With sales down to less than half the level of the mid-1980s,

Wendelin Wiedeking, the 40-year-old main board director responsi-its way forward in the leaner cent drop in sales to DM2.5bn. 1990s. In the first half of the year to July 31, pre-tax profits fell 97 per cent to DM2m (\$1.3m) on sales of DM1.1bn.

Analysts suggested that a pos-sible explanation for Mr Bohn's departure was that the company was heading towards a loss for the whole of 1992. Mr Bohn forecast earlier this year that Porwould make a profit in spite of dire conditions in international markets for the group's

His resignation could also be the inevitable result of the boardroom fracas earlier this year, when the Porsche and Piech fam-

confidence in Mr Bohn. Another possibility is that his departure signals the end of the company's independence. although there was no hint of a

Wiedeking might prove to be a caretaker chief executive pending the sale of the company to a third ilies which control the company In the year to July, Porsche delivered 22,000 cars, down from and dominate the supervisory board, made plain their lack of

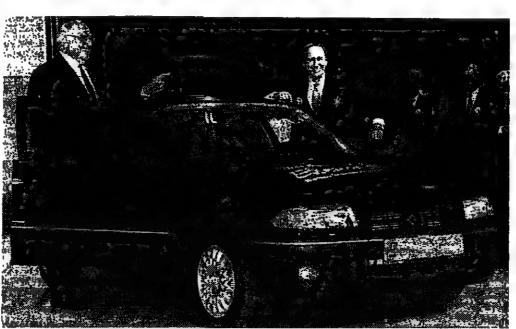
26,000 a year earlier and around 50,000 in the mid-1980s. Sales to the US were 4,000, down from a peak 30,000. Export business in the current year is likely to be sale in vesterday's statement. It hit by the strength of the D-Mark.



Arno Bohn: stepping down

## Kevin Done on the German translation of the Japanese gospel of lean production

#### A new car industry he air in Eisenach appears to encourage religious seal in the town where Martin Luther first translated the Bible into German, the European set to rise in the east motor industry is now trying to translate the gospel of Japanese lean production into German. Opel, the German subsidiary of



Pointing the way: German chancellor Helmut Kohl (left) at the Eisenach opening with Louis Hughes, who says: Lean production is the second great industrial revolution

one interest and that is to make sure that the lean production process is in place in all its purity, regardless of volume. We could have a fast start-up and not have the process in place, but we are

He clearly thinks that Eisenach can act as a catalyst for Opel's huge and expensive west German operations. GM Europe has brought together a small management team of like-minded believers, who have long experience either of GM's North American joint ventures with Toyota (Nummi) and with Suzuki (Cami), or who have been drawn directly from Toyota in the US. "We call them advisers," says

Mr Hughes, "but in another sense they are more like missionaries - and we are in need of conversion. It is close to religion, it is a life philosophy, it is that different".

T e says: "It needs a com-Under mass production plete change of thinking. the individual was subordinated to the machine. The mannower was paced to the pace of the machines. In lean production the machines are paced to the men Lean production is oriented towards people, while mass production is oriented to capital and equipment.

"The mass production of Henry Ford has no future. Lean produc-

tion is the second great industrial revolution, after the invention of the assembly line."

According to Mr Hughes, GM has already tried elements of lean production in pilot projects working, to zero-defect production strategies, just-in-time components delivery and continuous improvement techniques.

When you combine all the elements of people, materials, equipment and systems, the results can be staggering. We would normaily need much more than 3,000 people to get the same canacity as Eisenach with 2,000 people."

Mr Hughes says he is targeting Eisenach to operate at the level of the Japanese transplants. "We have reason to believe we will achieve this. We would hope to be far more efficient than any of our European competition."

Eisenach has been designed to produce two GM ranges, the Astra small family car which started yesterday, but more importantly it will become the second plant in Europe – along with Zaragoza in Spain - for pro-duction of GM's new generation Opel Corsa/Vauxball Nova, to be unveiled next year. Output should eventually reach 150,000

For the moment GM has not only the advantage of a greenfield site and an enthusiastic and young workforce eager to learn new working methods, but also wage rates are 40 per cent of those at its Russelsheim plant, near Frankfurt.

The gap is supposed to close somewhat in the next few years, but for the moment the Eisenach workers receive no extra holiday pay, no 13th month of salary and they work longer hours than their pampered colleagues in western Germany - 40 hours a week versus 371/2. They also receive only 24 days boliday a year against 30 days in the west. The seeds of division and tension are plain to see.

With 19 per cent official unem-ployment in Eisenach and as much as 43 per cent unofficial unemployment in the Thuringen region, Mr Volkmar Jonik, a 34year-old production supervisor, who joined Opel from the old Wartburg plant, admits that many were euphoric to get the Opel jobs at Eisenach.

once," he says, but he admits tensions are rising. "We pay the same prices for many things, for petrol, for food, rents are rising, but we only get half the pay." Last week Mr Louis Hughes

took his GM Europe top executives on a character-building course to the Swiss Alps. He managed to get them abseiling together, but it remains to be seen whether he can scale the automotive cliffs of a united but

## KIO to put \$1bn into Spanish companies

By Peter Bruce in Madrid

THE Kuwait Investment Office (KIO) announced yesterday in Madrid that it is to pump \$1bn into its troubled industrial empire in Spain and convert \$1.4bn of debt at its Spanish holding company, Grupo Torras, into capital.

The KIO holdings in Spain, Including the large Ebro foods group, the Torras Papel paper group, the large property devel-oper Prima Inmobilaria and the chemicals group, Ercros, have been troubled since June, when the new management at the KIO decided to stop a flow of funds into the companies. Ercros is in receivership.

The Kuwait Investment Office said yesterday that Torras Papel would receive about \$400m by the end of the year as part of the rescue plan, but it said that Prima's precarious financial situation would have to be resolved to conjunction with its creditors, raising fears that the company could yet go into receivership as well. Prima has gross debts of around \$700m, while Ebro is fundamentally sound.

The KIO made no mention of Ercros but is believed to be tryresult in the group's disastrous fertiliser businesses being taken the US.

A fresh injection of capital into the group was first urged late last year by KPMG Peat Marwick. KIO's auditors. However. the new management has until now been deeply suspicious of the decisions and recommendations that were made under the agency's former leadership. The KIO now appears to have decided that the bulk of the Spanish investments made over the past

## Allied-Signal to sell its 39% Union Texas stake

Volkswagen.

ALLIED-Signal, the industrial technology company in the throes of a large restructuring, announced yesterday that it stake in Union Texas Petroleum in a public offering which is likely to raise around \$600m It will raise a further \$355m

through the cash redemption of \$200m of preferred Union Texas shares and \$155m of warrants. Allied said the proceeds should translate into a pre-tax gain of

Mr Lawrence Bossidy, who took over as chairman of Allied in 1991, has made no secret of his desire to shed the company's oil and gas interests as part of a slimming and refocusing of

However, until now Allied had deemed the market for energy properties too weak to justify a

The company said the proceeds would be used to reduce debt, accelerate productivity improvements and for other corporate DULTDOSES.

Costs associated with the productivity action might offset the gains from the sale.

Union Texas is the second largest independent US oil company and is particularly active in the UK and Indonesia. It was acquired by Allied, then primarily a chemicals company, in 1962. In 1985 it went through a

leveraged buy-out in which Kohl-

berg, Kravis Roberts, the buy-out

specialist, acquired a 50 per cent stake, and a public offering fol-

A spokeswoman for KKR said yesterday it would be retaining its remaining 39 per cent equity stake, but would be redeeming \$145m of warrants.

The Allied offer, expected to be is for 33.3m shares of common stock.

 American Telephone and Telegraph's consumer products division has moved the headquarters of its corded telephone business and its European operations to southern France, Reuter reports.

Mr Philip Chauveau was named vice-president and general manager of the corded telephone business and managing director of its European operations.

Mr Chauveau is the former vice-president and group general manager of Apple Computer's

## Smiths buys US group for \$110m

#### By Paul Taylor in London

SMITHS INDUSTRIES, the UK-based aerospace electronics, medical systems and specialised industrial components group, is buying Intertech Resources, a privately held US disposable medical products company, for

Smiths' share price fell 6p to

close at 308p. The cash purchase, which includes the assumption of \$18m debt, will significantly expand Smiths' existing medical products business, while also adding to the group's US operations.

Smiths' Industries is already one of the world's leading suppliers of disposable medical products and has significant market shares in Europe, the Middle East and Asia. Intertech is a large sup-plier of "single-use" anaesthesia from its own production and its

and respiratory devices used in surgery and intensive care. It reported an operating profit of \$8m before interest of \$1.6m on sales of \$43.5m in the year to June 30. It ended the period with assets of \$24.4m.

Commenting on the acquisition Mr Roger Hurn, Smiths' chairman, said; "Intertech is a strong company with highly respected brands. I expect the company to make an early contribution to profits after financing costs." Smiths, which had net cash of

£95m at the beginning of February, had been expected to continue diversifying from defence and civil aerospace. Intertech employs 450 people. Its headquarters are in Chicago, but its main operations are in

Fort Myers, Florida. Almost 90

products are sold in the US healthcare market directly and through distributors.

The acquisition, subject to US anti-trust clearance, will boost Smiths' growing Medical Systems division which had sales of £125.3m (\$214.3m) in the 1990-91 financial year. In the latest sixmonth period to February 1 the division accounted for 31 per cent of the group's £37.8m trading profits and 21 per cent of its £307.4m half-year turnover.

The US company will join Smiths' existing medical operations in North America which include Concord/Portex, a leading supplier of disposable devices for intensive therapy, and blood gas sampling kits, and Respiratory Support Products which makes probes and monitors for measuring body tempera-



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#### INTERNATIONAL COMPANIES AND FINANCE

## **Barratt returns** to the black with £11.3m for year

By Andrew Taylor, Construction Correspondent

SIR LAWRIE Barratt, who 14 months ago came out of retirement to rescue Barratt Developments, Britain's third largest housebuilder, yesterday announced that the group had turned a £105.9m loss into a £11.3m (\$19.32m) pre-tax profit during the 12 months to the end of June.

The turnround occurred in spite of extremely difficult trading conditions, said the Barratt chairman.

Sir Lawrie appealed to Mr John Major, the UK prime minister, to cut have interest rates to 6 per cent, end stamp duty on house sales, raise the ceiling for mortgage tax relief and provide capital allowances to encourage the private rented

Barratt's share price rose by almost one-third yesterday to 67p following the announcement that the group was to pay a final dividend of 2p. Rarnings per share were 7.8p.

Sir Lawrie said the group had achieved its twin targets o returning to profits and dividends and reducing gearing to

below 50 per cent. Net debt, including off-balance sheet finance, had fallen from £205m to £71m over the 12 months, cutting gearing from 120 per cent to 39 per cent. Savings of almost £60m had been achieved by reducing Bar-ratt's stock of unsold and partexchange houses held for sale.
Sale and leaseback of show homes had provided another

£38m savings. The group had also benefited from £14m of commercial property disposals.

In the UK, the group sold
4,706 homes - 5 per cent fewer than in the previous year. Barratt made a further write-down of £6.1m against its UK housing land, compared with £84m the previous year. Sir Lawrie did not expect to make any further provisions as he believed

that UK house prices had stopped falling. Lex. Page 14; Costain results,

## Lafarge Coppée returns to modest profit growth

By Alice Rewathorn in Paris

LAFARGE Coppee, the French company which is the world's largest construction materials group, returned to profits growth in the first half of this year with a modest increase in net profits of 1 per cent from-

FFr688m to FFr695m (\$136m). Last year Lafarge suffered a fall in profits, the first decline for eight years, with net profits sliding from FFr2.19bn in 1990 to FFr1.23bn in 1991, mainly because of the downturn in the group's US interests.

Lafarge managed to hold profits in the first six months of this year, despite a decline in cement sales in France, where the construction industry has been hit by the economic slowdown.

The group had earlier announced that its interim turnover was 1 per cent down

share fell by 2 per cent from FFr13.7 in the first half of last year to FFr13.4 in the same

period this year. Mr Bernard Collomb, chairman, recently announced that the group, which has expanded aggressively by acquisition in recent years, would be reining in its investments this year in order to try to restrain its net

• Salomon, the French ski and sports equipment maker expects to see a rise in profits and a reduction in debt in 1992-93, Reuter reports from

Salomon made a net profit of FFr66.3m in the year ended March 1992 on sales of FFr3.01bn. The company said capital spending should be sta-ble in the 1992-93 after FFr131m the year before.

## Sugar may buy up rest of Amstrad shares

By Michlyo Nakamoto

MR ALAN SUGAR, founder and chief executive of Amstrad, the UK consumer electronics and computer company, is considering buying shares in the company which he does not currently own, the

company said yesterday.

The announcement followed speculation among institutional investors that Amstrad would be taken private again after the company's languishing shares rose strongly.

Amstrad sald Mr Sugar, already the single largest shareholder with 35.4 per cent. was considering buying the remaining issued ordinary shares which he does not own at 30p a share, subject to the availability of financing.

The news, which did not come as a complete surprise, was received fairly positively by investors, and Amstrad's

shares rose 3p to 28p.

There had been speculation for months that Mr Sugar might want to take Amstrad private again. The consensu among analysts was that, at its current price, Amstrad was so cheap it must have looked a good opportunity to Mr Sugar,

The company has seen its share price fall from 233p in 1988 to 20p last week. The share price stands at about half the asset value, estimated at about 45p per share.

Analysts say going private would make it easier for the company to carry out the drastic restructuring that may be needed to turn it around.

Although the offer of 30p a share is unlikely to look attractive to many shareholders, they may not have much choice, says Mr Patrick Wel-lington, industry analyst at County NatWest.

If a buy-out is attempted and fails, they would have a disappointed potential buyer as a hairman, he added. Amstrad, which will announce final results for the

year to June 30 a week from Friday, is expected to report a loss of between £65m and £75m.

## Rothschild Bank opens a new account

Ian Rodger examines attempts to end a troubled decade in the family business

HE British, French and Swiss Rothschild fami-lies who own Zurichbased Rothschild Bank are hoping that an additional SFr150m (\$115.30m) in provisions, plus a new general man-ager, can bring an end to a very troubled decade at the

"We hope that this is a book that is now closed," Sir Evelyn de Rothschild, chairman of the bank, said yesterday.

Sir Evelyn said the latest provisions, which are in addition to the SFr100m announced in July, arose entirely from loans made improperly by the bank to companies associated with the two German-Canadian property financiers, Mr Karsten von Wersebe and Mr Wolfgang Stolzenberg.

In a statement this week, the

bank recalled that "the individual concerned at the bank" had been arrested. Last month, Mr Jürg Heer, a former senior executive of the Rothschild Bank, was arrested in Zurich for irregularities involving several millions of Swiss francs, according to the Zurich prose-

Subsequently, it was confirmed that the bank had also infringed Swiss Banking Commission regulations by lending more than the equivalent of 20

per cent of its capital to companies related to Mr von Wer-

Rothschild Bank, like many in Switzerland, specialises in managing funds for rich individuals and normally does not engage in lending.

If this were the only

unseemly incident that the bank had suffered in recent years, no one would be too concerned. But it is, in fact, the third in eight years. The last was in 1990, when Rothschild was retained by the

US tobacco group Philip Morris to advise it on its planned acquisition of Jacob Suchard. Prior to news of this takeover being made public, the bank bought some SFr11.8m worth of Suchard shares for its own account through a Panamanian company. Shortly after these purchases came to light, Mr Erwin Brun-

ner, then the bank's general manager, resigned and the bank donated its SFr2.3m in profits from the position to charity. The Swiss authorities investigated the affair but no charges for insider trading In 1984, the bank made a

SFr49.9m loan to Marc Rich, the Zug-based international commodity dealers, secured by a first mortgage on a Rich



Sir Evelyn de Rothschild: no comment on the past

tanker. The Swiss Banking Commission, upheld by the Swiss Federal Court a year later, decided that the loan was a fiction aimed at protecting the tanker from confiscation by US tax authorities who then had a claim against Mr Marc Rich. As such, the loan contra-

vened Swiss banking law. Even an official of the Swiss Banking Commission, which as a rule does not comment on

developments at individual banks, was prompted to observe a few weeks ago that this constituted "quite a list" of problems. Sources familiar with the

bank suggest that its difficulties stem from a low level of supervision during much of the 1980s. This, in turn, reflected tensions in the French and British wings of the Rothschild family. Until 1991, when a Swiss company controlled by the British family raised its stake to 51 per cent, the bank was controlled by the French family represented by the age-ing Baron Elie de Rothschild, who was chairman.

Baron Elie hired Mr Alfred Hartmann, a former executive of Union Bank of Switzerland and of F. Hoffmann-La Roche, the Basle-based pharmaceutical group, as general manager in 1983. Mr Hartmann, who is still on the Rothschild Bank board, was also a director of the collapsed Bank of Credit and Commerce Interna-

Mr Brunner took over as general manager at the begin-ning of 1989, but following his resignation two years later a replacement was not found until this week when the appointment of Mr Guy Wais, general manager of Guyer-

zeller Bank in Zurich, was

Sir Evelyn said he could not comment on the past. He pointed out that he took over as chairman in July 1991 and shortly after discovered serious

He said no other bank executives would be leaving as a result of the latest irregularities. He acknowledged that the bank had lost "a very few" customers as a result of the scandal, but said most were loyal and, he hoped, satisfied with the service they were get-

e said Mr Hartmann's continued presence on the board was "a fair question that has to be dealt with in due course".

The bank's financial position remained sound and it was operating profitably, Sir Evelyn said. When the first SFr100m of provisions were declared, the bank liquidated its SFr63.5m in hidden

reserves. Responsibility for the loans involved in the latest SFr150m has been shifted to a private Rothschild family company in Switzerland, leaving shareholdera' equity at the SFr204m level declared in the March. 1992 halance sheet.

## Lyonnaise des Eaux Dumez ahead 2% in first half

By Alice Rewelhorn

LYONNAISE des Eaux Dumez, one of France's largest indus-trial companies, saw net profits rise by a modest 2 per cent from FFr697m in the first half of 1991 to FF1711m (\$189m) in the same period this

Lyonnaise has had problems with its Dumez construction interests following the downturn in the European building industry. Dumer's difficulties were chiefly responsible for a fall in the group's net profits from FFr1.4bn in to FFr1.17bn last

> The construction sector remained depressed during the first helf of this year, producing a loss of FFr38m.

Lyonnaise was also burdened by a steep increase in financial charges from FFr290m in the first six months of last year to FF1500m in the same period of

However, the group's other interests fared reasonably well. It succeeded in increasing sales by 14 per cent from FFr38.6bn to FFr44bn and operating profits by 37 per cent from FFr803m to FFrL1bn. The company recently

announced a rationalisation programme for Lyonnaise's investments which will include selling its 3.9 per cent stake in Havas, a leading French media group, and eventually ceding control of United Westburne, its Canadian construction materials sub-

#### Crédit Agricole signs agreement with DG Bank

By Alice Rewethorn

TRE FRENCH banks are continuing their international expansion with Credit Agricole, the third largest force in French banking, signing a partnership agreement with DG Bank of Germany to pool their small and medium sized business activities.

Crédit Agricole's agreemen with DG Bank, which is not expected to lead to a share exchange between the two companies, follows the accord struck between Banque National de Paris of France and Germany's Dresdner Bank. Crédit Lyonnais, another leading French bank, is negotiating an agreement with BfG Bank of Germany.

#### Italian telephone utility rises 14% on strong sales By Haig Simonian in Milan

SIP, Italy's main telephone

utility, raised operating profits by 14 per cent to L689.7on (\$554m) in the first half of this year, due partly to a 12 per cent rise in sales to L10,601bn. The company warned that Italy's slowing economic growth could hit earnings and turnover this year. However, Mr Ernesto Pascale, chairman, "promises to maintain profitability at all events," by maintaining productivity improvements and investment

spending. The growth in calls had been particularly strong on long-distance traffic, while SIP's highly profitable mobile communications activities continued their surge, with a

ribers. Subscriber growth for all telephone services, which increased by 3.5 per cent in the first half, was maintaining 1991 levels.

SIP said that forecasts for this year's earnings would be complicated by the effect of the government's budgetary plans, which involve higher taxation and a possible treeze on tariffs. • Blsag Bailey, the stock market-listed automation equipment subsidiary of the state-owned Finmeccanica group, raised operating profits by 20 per cent to L48bn in the first half of this year. The company predicts a year-end turnover figure of around L1.400bn, which would be 11 per cent up on last year's



#### Extracts from Chairman Patrick Retief's Review

Trading conditions during the financial year proved to be difficult. The global economy was week and in general there was a decline in the dellar prices earned by our major export-oriented interests. The recession in the South African economy exacerbated by severe drought, became more pronounced and adversely affected the performance of our major industrial interests.

Given this bostile environment, aggrovated by political uncertainty and industrial strife, Johnnies' results may be considered satisfactory. Attributable earnings rose from R418 million to R440 million, and equity-accounted earnings dropped only marginally to R572 million compared with R576 million last year. Total dividends for the year were maintained at 132 cents per share.

Platinum Rustenburg Platinum Holdings, the world's largest producer of platinum group metals, contributed 21% of Johnnies' equity accounted earnings. Earnings were, however, down by 33.4% chiefly as a result of lower average prices received for its various products.

The expansion programme at Rustenburg Platinum Mines and the construction of the 200,000 ton per annum openciest mine for Potgietersrust Platinums are proceeding on schedule.

Gold

Dividend income from gold mining investments reversed the declining trend of the previous two years, thanks to a 41.7% increase in dividend distribution by Randfontein Estates. Gold production by the mines under Johnnies' management increased by 7.7% in the past financial year Evaluation of the South Deep Project Area continues. This deposit is thought to be the largest unexploited gold reserve in the world.

Diamonds

Diamond interests contribute a significant segment of income but the diamond market was adversely affected by the weakness in the world economy and an increase in the supply of illicit diamonds.

Ferrochrome

Notwithstanding depressed conditions in the ferrochrome market, Consolidated Metallurgical Industries reported operating profits of R14.9 million, compared with an operating loss of R6.4 million in the preceding year. The improved profitability was attributable to a containment of producton costs and to slightly higher

Coal

Tavistock Collieries had to contend with lower than expected prices and demand in both the export and local markets. The Arthur Taylor Colliery Opencast Mine, which has a capacity of 2.5 million tons per annum, was Industrial

The Group's non-managed industrial interests performed very satisfactorily and increased their contribution to equity earnings by 18.2%

**New Business** A number of possibilities that could lead to new business developments are being explored and these could

provide the opportunity to invest in avenues of business that will enhance the existing portfolio.

Present indications are that the global economy will achieve little growth in 1992 but that there may be a modest recovery next year It is doubtful whether this prospective recovery would materially improve the outlook for our major export-oriented interests, at least in the first half of our current financial year On balance, the current financial year promises to be a difficult one and I believe it will not be possible for the Group to maintain last year's level of earnings.

The Annual General Meeting will be held at the head office of the company in Johannesburg on Thursday

Copies of the Annual Report are available from the London Secretaries, Barnato Brothers Limited, 99 Bishopsyate, London EC2M 3XE.

FINANCIAL TIMES CONFERENCES

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#### INTERNATIONAL COMPANY NEWS AND FINANCE

## Black & Decker shares tumble on profits warning

By Karen Zagor in New York

SHARES IN Black & Decker fell sharply yesterday morning after the US household equipment maker and information services company warned Wall Street not to expect earnings growth in the third quarter. The company blamed deterioration in European economies and other international mar-

kets and over-capacity in the worldwide electronics industry for its disappointing outlook. It does not expect third-quarter earning to exceed the \$12m, or 12 cents a share, earned in the second quarter of this year. Analysts had expected Black & Decker to earn at least 22 cents a share in the third quar-

ter, with some predictions as high as 35-cents a share. In the 1991 third quarter, the company earned 16 cents a share. Black & Decker had dropped

By Alice Rawathom in Peris

TWO of the leading players in

the French food industry, Eri-

dlana Béghin-Say and Saint-

Louis, yesterday lightened the gloom in the French corporate

sector by announcing healthy

Saint-Louis, with extensive

interests in sugar and paper,

saw net profits rise by 30 per

cent from FFr356m (\$69.8m) in

the first half of 1991 to

FFr462m in the same period

This increase includes the

benefit of Saint-Louis' invest-

ment in Perrier, the mineral

water company which was the

butt of a recent bid battle

between Nestle of Switzerland

and the Agnelli family of Italy.

Saint-Louis, which sided with

the Agnellis during the bid,

sell it at a profit to the Nestle

first half of the year.

es in net profits for the

show first-half increases

Mr Nolan Archibald, chair-

G

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"The high interest rate envi-ronment, together with currency and trade issue throughout Europe, continue to keep pressure on our consumer and commercial businesses during the current quarter. Improvements in our US operations will not fully compensate for lower sales and production vol-

ume in Europe."

Black & Decker recorded 1991 sales of \$4.64bn, with international sales contributing 44 per cent of the total. Although analysts had taken the weak economic conditions

in Europe and Canada into account in their earnings projections, they had expected the impact to be offset by the company's recent cost-cutting mea-Earlier this year, Black and Decker completed a 20.7m

stock offering which allowed it to reduce interest expenses by retiring \$465m in long-term

FFr5.32bn to FFr18.16bn and

operating profits from FFr365m

to FFr719m because of the deci-

sion to consolidate its 39 per

cent stake in the Arjo Wiggins Appleton paper group,

although economic conditions in the second half seemed set

to be as "difficult" as the first.

it was "well-armed" to with-

stand the competitive climate.

growth" for the full year.

Eridiana, also a significant

The company said that

Two French food groups being sold were profitable and edundanides are forescen. Saint-Louis' sales rose from

Sulzer's Thermtec's industrial valves business would strengthen its position in the power generation market.

Correction

Reinsurance Company of

player in sugar representing OUR survey on re-insurance the restructured food interests of Ferruzzi of Italy, saw net profits rise from FFr464m to FFr572m in the first six It sees a "similar rate of Operating profits rose by 24 per cent to FFr1.67bn and sales increased by 22 per cent to FFr24.1bn, reflecting the contribution of recent acquisitions such as Ducros, the spice com-

## Sulzer to sell assets as part of shake-up

By Paul Chaeseright In Birmingham and Ian Rodger

SULZER Brothers, the Swiss engineering group, has agreed to sell its industrial and utility boiler activity to ABB Asea Brown Boverl and its valves and control systems division to IMI of the UK.

No terms were disclosed, but Sulzer said the sales were part of a restructuring.

Concentration in the ther-

mal power generation industry led to the sale of its boiler business to ABB, which is now one of the world's top power generation equipment suppliers with annual sales of SFr2hm (\$1.58m) in this field. By contrast, Sulzer's annual sales in this area are only SFr110m.

Similarly, IMI is already a world leader in a broad range of fluid power systems, while the Sulzer business, with annual sales of SF180m, was specialised mainly in valves for hastile environments. Sulzer said the businesses

the new owners intended to maintain them in their present Winterthur facilities. No IMI said the acquisition of

Unione Italiana America

(Financial Times, September 7) referred to Unione Italiana Reinsurance Company of America Inc. as financially troubled. We accept that the decision taken by the parent company Unione Italiana Re to divest its US operation was a voluntary strategic one and that, when taken, the company was, and remains financially

## Zucchi keeps its head down on expansion

Haig Simonian examines the Italian household textile group's strategy for growth

Europe's leading producer of household textiles, look set to threaten the Italian group's six-year record of carnings and dividend growth.

Net earnings for the first six months of 1992, to be

announced this month, will probably be down by between 25 and 30 per cent on reduced sales, warns Mr Manlio Alberto Zucchi, operations director. However, Mr Zucchi, whose

two uncles, Giordano and Manlio, are the company's chair-man and managing director respectively, hopes recovery in the second half will be strong enough for full-year profits to dip only slightly to L28bn-L30bn, against L34.9bn last year. Sales should exceed L600bn, after climbing 5.8 per cent to L599bn in 1991.

Zucchi has grown fast since 1986, when it bought Baseetti, its bigger rival, from the Marzotto textiles group, which took around 23 per cent of Zucchi in return. Two years later it acquired Mascioni, a textile finishing group, also from Marzotto, followed by Jaila in France in 1990, Last June, Zucchi expanded again, buying the household textiles activities of Eliolona, another Italian manu-

Zucchi now controls almost 27 per cent of the highly fragmented Italian market for household textiles such as towels, sheets and bedlinen, while in France its share has risen to 11 per cent, thanks to Jalla.

ALLING first-half net profits at Zucchi, been hit by rising domestic Europe's leading procosts at a time of slackening demand. Preliminary figures suggest a 10 per cent fall in Italian demand for household textiles in the first four months of this year, and imply a bigger drop for the first half.

That could take Zucchi back to the tough early 1980s, when demand for household textiles fell by around 30 per cent. Adding to its troubles are restructuring plans, which, though ultimately cost-saving, will depress profits initially. There is also the burden of digesting Eliolona and its minority stakes in Standardtela and Standardtre, two textiles and thread producers in which Zucchi has the majority. Zucchi has also come under fire for last year's decision to

use the tax-saving device of buying the beneficial interest on share dividends to hoost 1991 profits by around L5.5bn to L6bn. Similar financial engineering should lift profits by around L5bn this year.

Analysts fear the practice

may be banned by the Italian tax authorities. Stripped of such special items, Zucchi's net earnings would have fallen slightly in 1991, Mr Zucchi admits. Adverse reactions from investors contributed to the group's decision not to continue the practice next year. "We'll have to find some other way to save money," he says.

Zucchi's hopes of heating the downward market trend are tan - to cut costs. per cent, thanks to Jalla. based on improved marketing However, like other Italian and production. Buying Eli-



Giordano Zucchi: rising domestic costs have hit the group

olona's household textiles activities, which also include licences to manufacture under the Benetton name, will expand its range and market

Gaining full control of Stan-

dardtela and Standardtre should help reduce overheads by concentrating production on fewer sites. Already, almost all the towelling sold under the Zucchi and Bassetti brands is made at a single Zucchi plant. The group has also just commissioned a study on the relative advantages of manufactur-ing in either a low-cost **European Community country** such as Portugal, eastern Europe, or a cheap-labour mar-

So far, it is not convinced of the merits. In spite of rela-

ket - such as India or Pakis-

tively high Italian labour costs, Mr Zucchi says that manufacturing sophisticated household textiles has become increasingly capital-intensive. Finishing and printing textiles ogy and know-how. "Going abroad is only worthwhile for some products," he says.

n the sales side. Zucchi wants to expand in Europe. Apart from France, it has been growing in Spain, where it now has a 2 to 3 per cent market share and Bassetti is well-established.

"We see it [Spain] as a future market for growth. It's like Italy 25 years ago, with no obvious dominant producers and very similar tastes," Mr Zucchi says. With the market highly fragmented, buying usually the case."

market share through takeovers has been rejected in favour of organic growth. which might include local production. The company also hopes to expand in Germany and recently bought a small retail chain to test the waters

Even the depressed UK has been considered. "We looked at two possible acquisitions, and decided not to go ahead," Mr Zucchi says. While the company was attracted by relatively cheap purchase prices and the low cost of UK labour. it was deterred by antiquated

The domination of the UK market by big retailers was another disincentive. market is controlled by the distribution side. Only around 20 to 25 per cent of sales are under a manufacturer's brand name. The rest is either sold under retailers' own labels or as unbranded imports. Manufacturers just aren't known to the consumer," he notes.

Astute use of brands in a sector in which trademarks are seldom prominent has been Zucchi's strength. While Bassetti is placed slightly upmarket from Zucchi, both are familiar names in Italy.

"That has always helped us make money in circumstances where others have failed," says Mr Zucchi. "Internal competi tion between Zucchi and Bassetti has stimulated innovation, helping us to develop brand names in a segment of the market where that is not

## USG in debt restructuring deal

By Martin Dickson

bankruptcy filing.

USG, the parent company of US Gypsum, has reached agreement in principle with two of its three creditor groups on a debt restructuring plan which would involve it making a "pre-packaged" Chapter 11

> Under a pre-packaged scheme, a company reaches agreement on a restructuring with its creditors before filing for bankruptcy, minimising the time it spends under the authority of the court.

USG's filing would only involve the parent company, with no effect on trade creditors of its operating subsidlaries or the status of the many asbestos bealth claims pending against US Gypsum. USG, which ran into finan-

cial trouble after loading up with debt to fend off a 1988 takeover, said it had agreed with its senior bondholders' committee and agents of its banks on a restructuring which would reduce the face value of its debt from \$2.7bn to

The plan would leave stock-

holders with just 3 per cent of

the group's equity.

Some 82 per cent of the equity would be owned by holders of 13% per cent senior subordinated bonds, whose creditor committee has accepted the plan.

Some 15 per cent would be held by the junior creditors, who have rejected the

The company said that if it could not reach agreement with the junior creditors it would ask the courts to approve a plan that gave them nothing.

## Carriers in commercial link

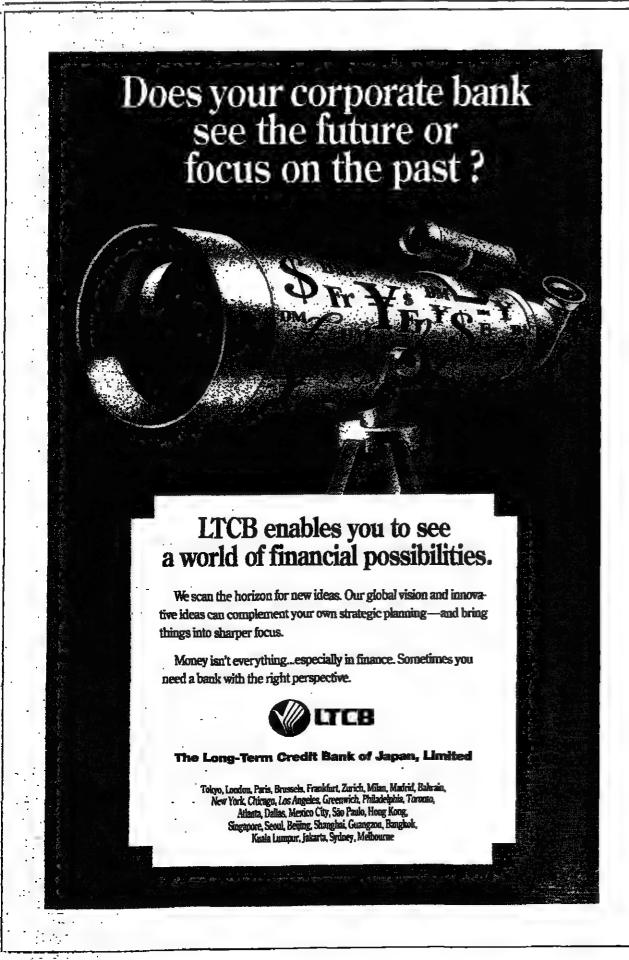
AIR CANADA, now working on a merger with Canadian Airlines International, bas forged a commercial alliance with Air France, writes Robert Gibbens in Montreal.

The agreement, effective from April 3 1993, will allow Air Canada better access to European, African, Mid-East and Asian markets via Paris, while state-owned Air France will improve its access to North America through Montreal and Toronto. Scheduling, customer and freight will be

deal in August with United Airlines. This operational link-up, which becomes effective on October 25, will improve service and cut connection time at the airlines

its Union des Transports Aeriens (UTA) unit. No financiel deal would be involved. Reuter reports from Paris.

Air France said UTA aircraft would now bear Air France colours. The move, it added, would enable the sirlines to face better the crisis confront-



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In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the six month period ending on 23rd March, 1993 has been fixed at 3.875% per annum. The interest accruing for such six month period will be U.S. \$194.83 per U.S. \$10.000 bearer Note, and U.S. \$1,948.26 per U.S. \$100,000 bearer Note, on 23rd March, 1993 against presentation of Coupon No. 14.

For holders of fully registered Notes the Rate of Interest for the six month period ending on 23rd March, 1993 has been fixed at 3.875% per annum. The interest accruing for such six month period will be U.S. \$194.83 per U.S. \$10,000 fully registered Notes, and integral multiples thereof; payable 23rd March, 1993.



21st September, 1992

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£150,000,000 GUARANTEED PLOATING RATE NOTES DUE DECEMBER 1997 Citicorp Finance PLC

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CITICORP

Notice is hereby given that the Rate of interest has been fixed at 9.225% and that the interest payable on the relevant Interest Payment Date, December 23, 1992, against Caupon No. 28 in respect of £10,000 nominal of the Notes will be £229.36.

## THE BUSINESS SECTION

y: Citibank, N.A. (Issuer Services), Agent Bank CITIBANCO

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#### INTERNATIONAL COMPANIES AND FINANCE

## Magnum makes loss after write-offs

By Terry Hall in Wellington

MAGNUM, the New Zealand liquor group, yesterday announced net losses of NZ\$233.36m (US\$125.27m) after extraordinary items for the year to June, a sharp turnaround on the previous year's profits of NZ\$25.24m. Sales and operating revenues were NZ\$820.92m, down from NZ\$901.2m.

The extraordinary items included NZ\$264.3m written off for heavy losses made on the sale of non-core assets and other investments. In particular, Magnum wrote off NZ\$89.7m on its 50 per cent investment in fellow liquor group Wilson Neill, which owns Tasmania's Cascade Breweries. Magnum paid 65

cents a share, and has written. them down to 6 cents, saying it may write this off as well. Wilson Neill's share price

has tumbled amid accusations of insider trading in its shares. Yesterday they sold at 4 cents. Other sums written off included a loss on the sale of its Countdown grocery chain. and various Australian invest-

NZ\$58.7m. The group's New Zealand retail and wholesale grocery businesses were sold to Foodland Associated of Perth for NZ\$175.3m, NZ\$41.6m less than book value.

ments that totalled a further

However the directors said the group, which is controlled by Brierley Investments and Asia Pacific Brewerles of Singapore, improved its forecast profits after tax and before extraordinaries. It earned NZ\$30.9m, compared with the NZ\$20m directors forecast in March

The result was helped by a better-than-expected result from sales of hotels owned by Austotel, the Australian hotel group, which contributed NZ\$24.6m. The proceeds of the grocery businesses and hotel sales were applied to debt reduction

However, the directors said that in spite of the better-thananticipated result, the quality of earnings was not satisfactory. Only Corban Wines performed well, as the group continued to face depressed trading conditions and competitive pressures and drastically reduced margins both in Aus

The company said sales by its core New Zealand liquor operations fell 3 per cent to NZ\$777m, due to a drop in beer sales and higher taxes. However, Dominion Breweries finished the year strongly and

In Australia, Magnum's investments in retail and wholesale businesses were unsatisfactory, the directors said. Since balance date Vintage Cellars had been sold to Coles Myer.

The group was continuing negotiations with banks to replace debt facilities, and was considering additional funding A rigorous programme to restore profitability was being

## net profits up 7.9% JARDINE Strategic, the chief

**Jardine** 

Strategic

holding company of Hong Kong trading group Jardine Matheson, yesterday unveiled a 7.9 per cent rise in net profits to US\$113m for the first half to June, from \$105m a year earlier, AP-DJ reports from Hong Kong. Jardine Strategic said the

profits would continue to grow at a similar rate over the rest of the year.

First-half turnover advanced 3 per cent to \$2.4bn from \$2.28bu. The directors announced that the interim dividend was being increased by 64 per cent to 5.42 US cents a share from 3.3 cents, even though earnings per share fell by 9.5 per cent to 15.23 cents from 16.83 cents.

Mr Henry Keswick, chairman, attributed the rise in earnings to the strength of the Asia-Pacific region, where most of the group's activities

"Jardine Strategic's balance sheet is strong and the first-half rise in the market value of its underlying holdings reflects investor appreciation of the growth potential of companies operating in the

"Results for the full year ar expected to be in line with the interim figures and the com-pany remains confident of its future prospects," Mr Reswick concluded

Analysts expressed little surprise at the results, explaining they were largely known once the figures for its affiliated companies' were dis-closed earlier this week. O Sun Hung Kai, a Hong Kong

investment holding and securi ties trading company, yesterday revealed net profits 120 per cent ahead at HK\$201m (US\$26.00m) for the six months to June, from HK\$91.4m a year earlier. AP-DJ reports from Hong

Rarnings per share were also 120 per cent higher at 33 cents, compared with 15 cents, and the directors are recommending a doubled interim dividend of 10 cents a share. Turnover rose 53 per cent to HE\$484m from HE\$304m.

## Anglovaal falls 3% on turnover advance but raises dividend rand gold price in the near-

ANGLOVAAL, one of South Africa's large mining houses, has unveiled a near 3 per cent fall in net attributable earnings to R277.7m (\$97m) for the year to June, from R285.1m the year before, Reuter reports from Johannesburg.

This was despite a 6 per cent advance in turnover to R8.21bn from R7.74bn.

Earnings per share emerged 19 per cent lower at 67 cents, against 82.7 cents. However, the directors are proposing a 9 per cent increase in the annual dividend of 100 cents per share, including a final payout of 67 cents, up from 92 cents for the previous 12 months.

The directors say earnings growth in the 1992-93 financial year will be a big challenge in view of the recession, lower mineral and metal prices and inflationary pressures. They are planning for capital

expenditure of more than R1.4bn over the next three years for expansion and asset replacement, most relating to Anglovaal Industries, the group's industrial subsidiary and largest contributor to earnings in year-end results.

The directors also warned that unless there was a meaningful improvement in the

term, further retrenchments at industry and group level were likely to occur as marginal mines struggle to survive. • Trans-Natal Coal, the South African coal mining group, may cut capital expenditure because it does not expect to

maintain earnings in the year

to June 1993, Reuter reports from Johannesburg. Mr Brian Gilbertson, chairman, said in his annual report that although some of Trans-Natal's exports were already sold and the revenues covered at favourable prices and exchange rates, it would not be able to maintain its current

earnings in 1992-933. "Accordingly, consideration is being given to deferring construction of the washing facility at Koornfontein, so that total capital expenditure for the year will not exceed R200m." he said.

Attributable income rose to a ord level of R143.6m in the last financial year from a previous R138.1m.

World market prospects for the current year were much less favourable, he said. The company was still negotiating a possible acquisition in Aus-

## Juken Nissho to build mills in New Zealand

By Terry Hall in Wellington

JUREN NISSHO, a Japanese forestry group, is to close its timber milis in Japan, replacing them with new facilities in

Over the past two years, the company has bought extensive areas of former governmentowned exotic forest in the North Island. Yesterday, Juken Nissho

said It was building two mills in the Aunouri Forest in Northland, in the far north. These will cost NZ\$100m (US\$53.68m) and will produce sawn and laminated timber, veneer and

It is also to build a mill at Masterton, in the lower North

Island, and at Gisborne, on the East Cape, in two years' time. Corporate Investments, a New Zealand investment holding company, yesterday announced it was selling its Allied Finance financial subsidiary for NZ\$8.8m. Corporate investments.

which owns forestry interests and Montana Wines, the country's biggest winemaker, is under intense pressure to relieve its debt. In recent weeks it has sold most of its substantial Australian and New Zealand tourism interests. Allied Finance is being sold

to Christchurch-based farming group Pyne Gould. The sale brings to NZ\$14.8m the value of assets divested since July.

## Recticel forced to write off BFr213m

By Andrew Hill in Brussels

RECTICEL, the Belgian manufacturer of polyurethane foam which is 60 per cent owned by Societé General de Belgique, was forced to write off BFr213m (\$6.9m) in the first half of 1992 because of lingering environmental problems at companies which have since been sold.

The company, which changed its name from Gechem in June, lost BFr285m after tax and extraordinary. items, compared with losses of BFr767m in the first half of 1991 when it was still consolidating 100 per cent of its US subsidiary. However, Recticel Europe,

now the main operating unit of the group, increased its net profit from BFr351m to BFr362m in the six months to June 30, on turnover of BFr15bn (BFr148bn).

The group said yesterday that recent restructuring at Recticel Europe - including the closure of 16 plants - had helped offset some of the effects of the poor economic climate.

Mr Luc Vansteenkiste, the group's chief executive, refused to provide more details of the environmental problems. But he said there would be no additional provisions in the second

haif. Last week, Recticel announced plans to end its ill-fated expansion in the US foam market by selling most of its remaining stake in Foamez LP, its US subsidiary. The company said yesterday it hoped to break even in the full year, if extraordinary losses were excluded.

• Group net profits at Cobepa, Belgium's third-largest holding company, slipped from BFr3.44bn to BFr2.71bu in the first haif of 1992. The company, 67 per cent owned by Paribas of France, said that useful comparison of the two balves was difficult because the final result depended on when gains were realised on investments. Unrealised gains increased from BFr8.9bn at the end of last year to BFr9.79bn in June

16, 140

d.

## Capco places post-1997 debt successfully

By Simon Holberton in Hong Kong

CASTLE Peak Power Company (Capco), a joint venture between Exxon, the US oil group, and China Light and Power, the Hong Kong utility controlled by the Kadoorie lamily, yesterday said it has successfully concluded a US\$133.5m private placement of debt whose maturity spans Hong Kong's reversion to Chinese sovereignty in 1997. Some supra-national borrow-ers, such as the Asian Develop-

Cathay Pacific

blames inflation

for China move

CATHAY Pacific Airways, the

Hong Kong carrier which is part of the Swire group, has

set up an airline information

processing company in Guane-

thou, capital of China's boom-

ing Guangdong province, to counter Hong Kong's high

inflation rate. Reuter reports

from Hong Kong. Cathay blamed ballooning

wages, rentals and other over heads for cutting profits.

It said Guangzhou had been chosen for its proximity to

Hong Kong and its potential as

a centre for information pro-

cessing with improving com-

munications links.

Bank, have raised debt which matures beyond 1997, as has the Mass Transit Railway Corporation, a Hong Kong government-owned corporation. But Capco is the first private sector company to tap US debt markets for funds which mature after the change-over.

ment Bank and the World

Details of the transaction, which was arranged by Salomon Brothers, are sketchy. As it was a private placement the borrower does not have to disclose any information. However, it is understood

By Bruce Jacques in Sydney

WESTPAC, the troubled

Australian trading bank, has

appointed McKinsey & Com-pany, the international corpo-

rate consultancy, to advise it

Announcing the appointment yesterday, Mr Frank Con-

roy, Westpac managing direc-

tor, portrayed it as part of a

new growth phase for the

"We have the problem loan

provisioning behind us, and

with completion of the A\$1.2bn

(US\$871.96m) rights issue on

September 30, the bank's posi-tion will have stabilised," he

said. "We can now devote

on strategy.

that Salomon engaged Standard and Poor's to conduct a private assessment of Capco. Standard and Poor's awarded it an A rating.

The debt, which was placed during the third week of August, attracted a yield of around 125 to 135 basis points above prevailing 10-year US Treasuries. Two tranches, of roughly equal amounts, were issued for 10 years and 15

years. Capco originally sought US\$100m, but investor interest was such that the issue

"I am confident the time is

right for Westpac to start

looking to the future. Westpac

has made major changes to its

operations and staffing levels

over the past three years. Our

focus now is to identify poten-

tial sources of future earnings

its A\$1.2bn rights issue, which

opens in Australia today.

Westpac also announced that

Mr David Hudson, a director of Salomon in Hong Kong, said: "The popularity of the issue points to a favourable opinion of the long-term prospects of Hong Kong and bodes well for other Hong Kong issuers inter-ested in tapping the interna-tional capital markets for long-term debt."

was increased by 30 per cent.

Mr Leonard Rubin, executive director of Exxon Energy, said the response of investors showed that they share a positive view of Capco's prospects

Westpac appoints consultants more time to looking seek tenders for subscriptions to outstanding entitlements at the issue price of A\$3 a share.

> Westpac has also launched a US\$350m debenture offering in the United States. Underwritten by First Boston Corporation and Merrill Lynch, the issue is priced to yield 7.982 per

Any remaining shares will be

taken up by CS First Boston or

closed yesterday, was unlikely to have been fully subscribed. AMP Society has reduced its stake in National Australia The bank will detail the size of Bank to 6.95 per cent from 8.06 the shortfall before trading per cent. AMP is Westpac's largest shareholder, with a 15 per cent interest, and also controls just under 7 per cent of CS First Boston plans to exercise its right, expressed in the underwriting agreement, to ANZ Banking Group.

**MINORCO** 

Certificates - Payment of Coupon No. 10 With reference to the notice of proposed final dividend advertised in the press on September 18, 1992 the following information is published for the guidance of holders of bearer share certificates. The dividend of 36 cents was declared in United States currency.

The dividend will be juild on or after November 17, 1992, against surrender of Coupon No. 10 detached from bearer share certificates ta) at the offices of the Corporation's Continental paying agents.

Banque Génerale du Luxembourg Crédit du Nord 6-8 boulevard Houseman 75009 Paris 14, rue Aldringen Luxenthourg

Grand Duchy of Luxembourg (b) at the London Securities Department of Barelays Bank plc. Stock Exchange Services Dept., 108 Fenchurch Street, London EC3P 311P. Unless persons depositing coupons at such office request payment in United States dollars (in which case they must comply with any applicable Exchange Control regulations), payment will be made in United Kingdom currency either:-

(i) in respect of coupons lodged on or prior to November 10, 1992. at the United Kingdom currency equivalent of the United States currency value of the dividend on October 27, 1992; or (iii) in respect of coupons lodged on or after November 11, 1992, at the prevailing rate of exchange on the day the proceeds are remitted to the London Securities Department of Barelays

Coupons must be left for at least four clear days for examination leight days if payment in United States currency has been requested) and may be presented any weekday (Saturday excepted) between the hours of 10 a m, and 3 p.m.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the London Securities Department of Barelays Bank plc, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made the net amount of the dividend, after deducting United Kingdom Income tax at 25% will be 27 cents (United States) per share.

In the case of payments made in United Kingdom currency the sterling equivalent of the net dividend will be calculated in accordance with sub-paragraph (b) above. Copies of the 1992 Annual Report of Minorco will be available after

October 8, 1992 from the Registered Office of the Corporation and the offices of the paying agents referred to above. By Order of the Board, N Jordan, Secretary, September 24, 1992 Minorco Societé Anonyme RC Luvembourg No. Bi2139



The Export-Import Bank of Korea US\$100,000,000

In accordance with the provisions of the Roating Rate Notes, notice is hereby given as follows:

Floating Rate Notes Due 1997

Interest Period : September 23, 1992 to March 23, 1993 (181 days) Rate of Interest : 5-7/16 % per annum

Coupon Amount: US\$ 1,728.30 (per note of US\$100,000) US\$ 4,320.75 (per note of US\$250.000)





**SRF Mortgage** Notes 1 PLC \$150,000,000 Class A £11,500,000 Class B Mortgage backed floating rate notes due March 2021

For the interest period 22 tember, 1992 to 22 December September, 1992 to 22 December 1992 the Class A notes will bear interest at 9.41094% per annum. Interest amount payable on 22 December, 1992 will amount to \$2,339.88 per \$100,000 note. The Class B notes will bear interest at 10.11094% per annum. Interest payable on 22 December, 1992 will amount to \$289,101.06 per \$11,500,000 principal amount

Agent: Morgan Guaranty Trust Company **JPMorgan** 

#### **Mezzanine Capital Corporation** Limited

Notice to the holders of the Bearer Depositary Receipts ("BDRs") evidencing Participating Redeemable Preference Shares of US 1 cent each ("Shares") of Mezzenine Capital Corporation Limited

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN to the holders of the BDRs that Chemical Bank (Guerney) Lurised ("the Depository") has received notice from the Company that the Annual General Meeting of the members of the Company will be held at Capital House Bullifulg, Bath Street, St. Helics, Jessey, Channel Islands on Monday, 19th October, 1992 at 11.00a.m. for the purpose of considering and voting on the following matterst:

voting on the following matters:

1. To receive and consider the Accounts and Salance Sheet and Reports of the Directors and Auditors for the year ended 31st May, 1992. 2. 2b declare a final dividend of USS24718 per Participating Redeemable Preference Share to be payable as from Wednesdey, 2nd October, 1992.
 3. To re-appoint Mesons. Price Waterhouse as Auditors of the Company and to authorise the Directors to bit their remuneration.

 To travect any other ordinary business which may properly be transacted at an Armust General Meeting. BDR holders have the right to attend and apeals at the Annual General Meeting but not themselves to vote thereat. BDR holders may however unstruct the Depository as to the exercise on their behalf of the votino notes ann the Depository as to the exercise on their behalf of the voting rights attribe shares evidenced by the BDRs which they hold

the startes evidenced by the BORs which they hold instructions as to other a new configuration as to other an use the start and the Depository of such surrender or release.

Copies of the Company's Annual Report may be obtained from any of the Paying Agents issue below and Euroclear and Codel.

Depositary and Principal Paying Agent Chamical Bank (Guernsey) Limited, Albert House, PO Box 429, South Esplanada St. Pater Port, Guernsey, Charmel Istanda

Paying Agests
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H Bookers'd Roosevell,
ourg, Grand Duchy of Luxembo Chemico Leasing GmbH, ckenheiner Landstrasse 51-53. D 8000 Franklurt-am-Main 1. Ga Chemical Bank,
The Adelphi, John Adam Street, London WC2N 9HT

Morgan Guaranty Trust Company of New York, 14 Ptace Vendome, 75001 Pens, France by Chamical Benk (Gu

#### ANSETT AIRCRAFT **FINANCE LTD** USD 185,000,600 ding Rate Notes due 2001

Notes is hereby given that the rate of interest for the period from September 24th, 1992 to December 29th, 1982 has been that at 3.4875 per cent. The caupon amount due for this period is USD 93.00 per USD 10,000 denominations and USD 48.500 per USD 10.000 denominations and USD 48.500 per USD nation and USO 455.00 per USO 50,000 and is psyable on the interest psyment date December 29th, 1992. The Riscal Agent Benque Nationale de Paris

(Luzzambourg) S.A.

Marine Midland Bank N.A. U.S. \$125,000,000 Floating Rate Subordings Capital Notes due 1996

For the three months 23rd September, 1992 to 23rd December, 1992 the Notes will carry an interest rate of 55% per smoom with a coupon amount of U.S. \$132.71 per U.S. \$10,000 Nore and U.S. \$663.54 per U.S. \$50,000 Note. The relevant interest payment date will be 23rd December, 1992. Level on the London Stock Exclusing Bankers Trust Company, London Agent Be

NOTICE OF EARLY REDEMPTION

To the Holders of

## PINNACLE WEST CAPITAL CORPORATION

10% Convertible Subordinated Debentures Due 2002 (the "Debentures")

(Convertible into Common Stock of Pinnacle West Capital Corporation) NOTICE IS HEREBY CIVEN that, pursuant to the provisions of the Indenture dated as of October 28, 1987 between Pinnacle West Capital Corporation (the "Issuer") and Morgan Guaranty Trust Company of New York (the "Trustee") under which the Debentures were issued, all the Debentures will be redeemed on October 28, 1992 (the "Redemption Date") at a price of 101% of the principal amount thereof (the "Redemption Price"). Payment of Bearer Debentures will be made upon presentation and surrender thereof with all coupons appertaining thereto maturing after the Redemption Date, at the option of the holder at the offices of any one of the Paying and Conversion Agents set forth below, except the New York Office of Morgan Guaranty Trust Company of New York. Payments of the principal and premium of the Resistance Debentures with the most processed to the processed of the processed to the present of the Resistance Debentures with the most processed to the processed of the processed to the principal and processed to the proces principal and premium of the Registered Debentures may be made against presentation and surrender at the New York Office of Morgan Guaranty Trust Company of New York, in addition to the offices of the other Paying Agents all set forth below. The Redemption Price will become due and payable upon

each Debenture on the Redemption Date, and interest thereon shall cease to accrue on and after the The holder has the right until the close of business on October 21, 1992, the seventh day prior to the Redemption Date, to convert the Debentures called for redemption into Common Stock of Pinnarle West Capital Corporation upon surrender of the Debentures, with all numetured coupons appertaining thereto, to any one of the Conversion Agents set forth below, together with a Conversion Notice fully executed. In accordance with the terms of the Indenture, no payment or adjustment shall be made upon any conversion on account of any interest accrued on the Debenture surrendered for conversion or on account of any dividends on the common stock issued upon conversion.

The Debentures are currently convertible into Pinnacle West Capital Corporation at a conversion price of \$34.25 per share.

PAYING AGENTS

Morgan Cuaranty Trust Company of New York 60 Victoria Embankment London EC4Y OJP

of New York

Morgan Guaranty Trust Company of New York 14 Place Vendôme

Morgan Cuaranty Trust Company of New York Mainzer Landstrasse 46 6000 Frankfurt-em-Main

Amsterdam-Rotterdam Bank NV Hereugracht 597 PO Box 1220

Swiss Bank Corporation Asschenvorstadt No. 1 CR-4002 Basel, Switzerland

**PAYING AND CONVERSION AGENTS** Morgan Guaranty Trast Company Avenue des Arts 35

Kredietbank SA Luxembourgeoise 43 Bonlevard Royal Boite Postale 1108 Luxembourg Grand Duchy of Luxembourg FOR PAYMENT OF REGISTERED DEBENTURES ONLY

Morgan Gueranty Trust Company of New York Tellers and Mail Unit 55 Exchange Place, Basement A New York, New York 10260-0023

AND AS A CONVERSION AGENT

PINNACLE WEST CAPITAL CORPORATION By: Morgan Guaranty Trust Company

as Trustee Dated: September 24, 1992

Any payment made within the United States or transferred to an account maintained by a non-US payer with a boul in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payers not recognised as exempt recipients fail to provine the paying agent with an executed IBS Form W-3 certifying under penalties of perjury that the payers is not a United States person. Payments made within the United States to non-exempt US payers are reportable to the IRS and those US payers are required to provide to the paying agent as executed IRS Form W-9 certifying under penaltes of perjury the payer's taxpayer identification number (employer identification number or social security number, as appropriate) to avoid 20% withholding on the payment. Failure to provide a correct tax payer identification number may also subject a US payer to a penalty of \$50.

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#### INTERNATIONAL CAPITAL MARKETS

## Tensions over ERM dominate activity in Europe

in New York

TENSIONS within the exchange rate mechanism of the European Monetary System dominated activity in Europe's government bond markets again yesterday.

#### GOVERNMENT BONDS.

The French franc continued to come under heavy pressure in the foreign exchange markets, forcing the Bank of France to raise its five-to-10day lending rate early in the day and to intervene heavily.

Trading in French and German government bonds was volatile because of uncertainty about whether the French franc would remain in the ERM or whether the Bundesbank would be forced to lower. German interest rates in order to help support the French cur-

> THE French government bond market ended the day lower as concern about the weakness of the French franc against the D-Mark prompted heavy selling by foreign inves-

The Bank of France raised its five-to-10-day lending rate to 13 per cent from 10.5 per cent in the morning and intervened heavily to keep the currency

By Sara Webb in London and Off its floor of 3.4305 to the Patrick Harverson Off its floor of 3.4305 to the D-Mark in the ERM. The Bundesbank also intervened to support the franc. Although it strengthened from 3.42 to 3.39 to the D-Mark, it later fell back to 3.41.

> Traders believe that the recent defence of the franc may have almost depleted the foreign currency reserves at the central bank.

The yield on the 81/2 per cent government bond due 2002 opened at 8.51 per cent, and ended at 8.70 per cent. The yield spread over 10-year German government bonds widened from about 110 basis points to 125 basis points.

■ THE plight of the French franc had repercussions on the German government bond market, leading to speculation that the Bundesbank might cut interest rates in order to help prop up the French currency and ease tensions within the currency grid.

Dealers reported strong buy-ing of short-dated bunds on the grounds that these would gain the most from a cut in German interest rates. Trading was volatile although the market ended little changed on the day. "All the trading has been currency-related . . . the big questions are whether there will be an ERM realignment, a devaluation of the franc or a cut in German rates and nobody knows," said one

Price Change Ytels Visiti ago sgo 8.08 8.90 8.40 10,000 10/02 105,9650 -0.680 8.63 8.50 8.99 8.750 08/02 100 7500 + 0.200 8.500 04/02 104.6800 -0.800 7.80 7.29 7.3 9.000 11/00 96.5750 -0.27\$ 9.62 9.27 9.81 DENMARK 8.78 8.97 8.67 8.56 8.500 03/97 98.9802 -0.320 8.500 11/02 98.7800 -1.220 8.000 07/02 103.6650 +0.170 7.48 7.87 12.000 05/02 91.8250 +0.075 14.00† 14.24 13.79 4.800 06/99 98.8882 -6.500 03/02 104.5301 + 0.8217 4,82 4,77 4.94 4.90 JAPAN 8.250 06/02 102,7600 + 0.550 7.83 7.88 8.31 10.300 06/02 86,9000 -0,200 12.69 12.31 12.33 10.000 11/96 9.750 06/02 9.000 10/08 104-31 + 11/32 98-13 + 2015 98-13 + 5/32 9.99 9.36 8.96 6.375 08/02 98-21 -14/32 7.250 08/22 97-05 -8/32 6.58 7.38 8.500 03/02 85.4000 -0.100 9.24 9.18 9.50

BENCHMARK GOVERNMENT BONDS

London closing "New York closing Yields: Local market standard † Gross annual yield (including withholding tax at 12.6 per cent psyable by non-resi-Prices: US, UK in 32nds, others in decimal Technical Data! ATLAS Price Sources

stantial portion of its latest index-linked issue. The Bank

announced a £600m tranche of

4% index-linked stock due 2004

on Tuesday and dealers esti-mate between half and three-

quarters of it may have been

sold yesterday. The 2% per

2016 rose from 1214 to 122.00 by

Index-linked gilts have seen

a strong rally since sterling

was taken out of the ERM last

week because investors worry

that without the discipline of

the ERM, the government will

be under less pressure to keep

cent index-linked stock due

The bund futures contract ended at 90.94, little changed on the opening, having traded in a range of 90.78 to 91.12.

■IJK government bonds rose by up to three-quarters of a point with the medium- and long-dated issues seeing the strongest gains.

Short-dated gilts ended virtually unchanged as dealers warned that this area of the yield curve may have been "too optimistic" about the possibility of further cuts in the

Index-linked gilts continued to rally on inflation worries, allowing the Bank to sell a sub-

around £2.4 bn of index-linked gilts with a further f16bn launched in the form of fixedincome (conventional) bonds.

Among conventional gilts. ended unchanged at 102% to yield 8.15 per cent. At the long end, the 9 per cent gilt due 2008 rose from 98% to 98%.

■ THE Bank of Spain's announcement of new restrictions on capital movements and loans to non-residents boosted the peseta and helped to lift Spanish government bond prices initially. However, dealers reported heavy selling of the bonds later in the day leaving the market lower on the previous close.

The introduction of restrictions on capital movements is intended to prevent specula tion in the currency and had the effect of pushing the peseta up to the top of the ERM.

Under the new regulations, Spanish banks lending to foreigners now have to deposit an equal sum interest-free with the Bank of Spain for a year. The 10-year bond fell from 88.20 on Tuesday to 86.30 yesterday.

■US Treasury prices were mixed in light trading yester-day following Tuesday's big declines, with uncertainty about the European markets and the outlook for the dollar keeping many players on the aldalines.

In late trading, the benchmark 30-year government bond was down A at 974, yielding 7.478 per cent, and the two-year note was up & at 100 to yield 3.984 per cent.

Φ

There was some early selling, especially at the long end, which followed comments from Mr David Mulford, the Treasury under-secretary, who said US officials were not concerned by the weakness of the dollar against the Japanese yen. His comments sent the dollar/yen

cross-rate tumbling. Prices recovered slightly on hopes that international investors would choose US assets as a safe haven from the upheavals afflicting European markets, but the long end lost all its gains mid-afternoon following a disappointing auction of five-year notes.

■ITALIAN government bonds drifted lower late in the day, pulled down by profit-taking mainly in the floating rate sec-

The Italian market started on a firm note as the Bank of Italy eased at its L6,000bn repurchase tender, where the minimum rate fell two points to 16.50 per cent.

However, concern over the outcome of today's L43,000bn auction of Treasury bills pushed bond prices lower. The benchmark May 2002 fixed rate bond (BTP) closed at 91.81 per cent, up from 91.57 per cent at the previous close.

Meanwhile, the Kingdom of

Spain's troubled \$1.5bn issue,

which was priced on Tuesday

after a delay of a week, settled yesterday at around its launch

spread of 55 basis points over

Underwriters to the issue

said that the decision to

increase the spread from the 45

basis points indicated when

the bonds were first offered a week ago had been the only

realistic way of assuring

that the deal would be a suc-

US Treasuries.

buy insurance when your house is already burning down, " - options salesman. F corporate treasury is concerned with the control of financial risks, recent events in the foreign exchange and money markets are provid-

> during periods of financial market volatility. "At times the reporting systems are working and whether there are

Most foreign exchange exposures faced by companies are transaction exposures, arising from trade in goods or services. However, companies which tried to hedge exposures with currency options last week

The cost of currency options has risen sharply in line with the volatility of the underlying foreign exchange markets. Bankers estimated that the cost of dollar options has at least doubled in the past three months. Indeed, options spe-cialists at large banks last week gave up trying to price many types of currency option. An alternative, and immedi-

ately cheaper, strategy for hedging foreign exchange risk is to lock into exchange rates by buying forward currency contracts. However, many treasurers said yesterday that the direction of exchange rates was still too uncertain to justify locking in now.

"There's no question of us not living up to our commitment." one underwriter said. In the changed circumstances of the past week, the issuer had no choice but to accept a higher yield to ensure a successful launch, he on exchange rates," said the treasurer of a UK oil company.

## Treasurers face a stiff test in controlling risks

Simon London on coping with volatility in the financial markets

"The smart guys were hedged already. It is a bad idea to

ing company treasurers with a stiff test.

For one thing, the cost of failure increases dramatically like this you discover whether exposures no one remembered to hedge," said the treasurer of a multinational company.

found it prohibitively expen-

"The cash cost of buying a currency forward is certainly cheaper than taking an optionbased approach. But the opportunity cost of making the wrong decision could be huge at the moment. We are still too unsighted to take a clear view

Many companies also face translation exposures, arising when the earnings of overseas subsidiaries are translated into sterling for accounting pur-poses. Whether these pure accounting exposures should be hedged is a matter of deep debate. Companies which do hedge on translation, including SmithKline Beecham and Tl Group, hold that a predictable stream of earnings has addi-

tional value for investors. Last week's effective devaluation of sterling will, if sus-tained, actually boost overseas earnings of UK companies on translation. Even so, uncertainty over the level of earnings has led some companies to look again at hedging of translation exposures.

Many companies also actively manage balance sheet assets and liabilities to take account of foreign exchange movements. A treasurer can increase balance sheet exposure to the dollar by borrowing in sterling - reducing the net sterling assets of the company - and buying dollars. If the dollar appreciates, the balance sheet will strengthen.

This kind of approach is not always popular with earningsconscious investors: borrowing in sterling can also lead to higher interest charges, a cost which has to be taken through the profit and loss account. Companies which believe the dollar has turned said yesterday there was a case for shifting balance sheet exposures in favour of the US currency.

or outright borrowers of sterling, the question is whether to lock into interest rates now available in the forward market or wait for further base rate cuts.

Treasury sales teams at big UK banks report brisk trade from companies looking to lock-in now. For example, fiveyear sterling was yesterday quoted at around 8.66 per cent, as good value in the eyes of many treasurers on

## EIB and EBRD join new wave of borrowers after turmoil

By Richard Waters

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THE European Investment Bank and the European Bank for Reconstruction and Development yesterday joined the raise money through collared floating-rate notes, leading to warnings of oversupply in the market for this kind of paper.

#### INTERNATIONAL BONDS

Yesterday's two triple-A rated borrowers follow in the wake of other top-ranked issuers who came on Tuesday, led by Austria, which brought the first sovereign issue in the sec-

Austria's \$400m deal, followed by a similarly-sized offer of them brought by UBS

Phillips & Draw - has helped to extend what had been mainly a retail market into more of an institutional one. The previous wave of dollar floaters had been dominated by subordinated bank issues and names likely to be attractive to retall investors.

The EIB's \$400m issue was only the bank's second borrowing exercise since the removal of Italian withholding tax exemption, which had enabled it to borrow at abnormally Yesterday's offer bore a close

resemblance to other collared

floaters in recent weeks. It has a minimum coupon of 5 per

FT/ITMA INTERNATIONAL BOND SERVICE

cent to attract investors who want a pick up over current US interest rates and a maximum 25 basis points below Libor in

The all-in borrowing cost to the EIB was not disclosed, but one banker commented that it had probably had to pay around 50 basis points more than it would have paid before the tax change, when it could have expected to borrow at

of 8% per cent. The coupon is their [borrowing] targets substantially," this banker

inflation down.

The sudden flow of floating rate notes in the past two days, following a subdued period in the Eurobond markets owing to the turmoil in Europe's financial markets, threatens to give the market a serious case of indigestion.

While issues such as those Libor. "They've had to change from Austria were taken up

quickly, there were reports of others being left with underwriters.

Traders pointed, for instance, to the \$200m issue on Tuesday from Landeskreditbank Baden-Württemberg (LKB). The maximum coupon of 8.5 per cent was aggressively priced, traders said, leading to less interest had been seen for some of the other issues.

	NEW INTE	RNATIO	NAL	BOND	ISSU	ES
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SWMS FRANCS Inter American Dev.Bk(s)?	300	8.78	1014	2002	-	U68

#### MARKET STATISTICS

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Due December 1997

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## Sharp deterioration at BAe

THE DETERIORATION in British Aerospace's operating performance caught the City by surprise. An interim loss of £129m, against a pre-tax profit of £86m a year earlier, indicated conditions had deteriorated sharply for the group.

The problem lay in commer-cial aircraft production with a loss of £286m (loss of £32m a year earlier). Defence raised profits to £296m (£281m), Rover trimmed its loss to £31m from £43m, the Arlington property division had a loss of £6m (loss of £5m) and construction turned in profit of £12m (£20m).

The £750m charge for reorganisation costs - or £1bn before before a tax credit was the maximum analysts had forecast.

As provisions go, it will be one of the largest taken by a

By comparison, British Petroleum, took this summer

an exceptional charge of just over £1bn for redundancy costs - covering 11,500 job losses and asset write-downs. Barclays Bank wrote-off bad debts

of ELO7bn. In the case of BAe, however, the £750m exceptional cost to be taken in the second half will create a deficit of £746m on the company's (as opposed to the group's) profit and loss

This hole in the distributable reserves prevents a dividend being paid. To restore the reserves and

enable a delayed payment of the interim dividend, the group is proposing a reduction of cap-This will involve the follow-

ing cuts in surpluses in other areas of the capital and reserves that make up shareholders' funds reducing the share premium

• reducing the nominal amount of each ordinary share from 50p to 10p to release

The changes must be approved both by the shareholders at an extraordinary general meeting, to be held on October 19, and by the High

If these approvals are obtained, BAe plans to pay a late interim dividend of 3p, cut The payment would be made next February, on the day after

the announcement of the 1992 The preference share dividend due on January 1 would also be delayed until then. The board's decision on the final

Other parts of shareholders funds will not be affected. namely the statutory, revaluation and capital reserves. With preference share capi-tal staying intact, the issued

dividend will be a separate

come down from £256m to £105m. About £17m will be left in the share premium

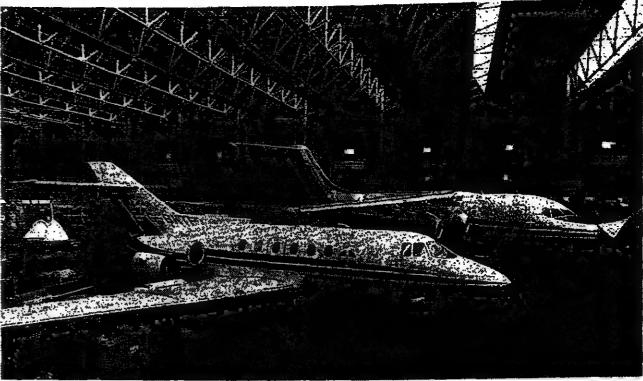
The amount in the group's accumulated profit and loss account after the interim This will leave pro forma shareholders' funds at about £1.8bn, compared with the

sation provision.

Net debt on June 30 stood at 1987m, made up of \$1.22bn of advance payments, mainly from defence customers, and £230m of cash balances. The pro forma debt-equity ratio would be about 55 per cent. BAe said that this level of

£2.54hn quoted in yesterday's accounts, before the reorgani-

borrowings was acceptable since working capital require-ments reached a peak in the summer and the reorgan would reduce the cash drain in the regional aircraft opera-



The BAs 125-800 business jet (foreground) and the BAs 146 regional airliner. Early 125 models were developed and built at Hatfield

## Commercial aircraft cause group deficit

By Paul Betts.

BRITISH AEROSPACE'S commercial aircraft activities were responsible for dragging the company into the red in the first half of this year. These operations, whose

sales fell from £839m to £859m in the first six months, saw their overall losses surge from £32m to £286m at midway.

The bulk of the losses came in the BAe 146 regional jet business and the company's turbopropeller activities. These are now at the centre

of a sweeping restructuring programme involving the closure of Hatfield, the regrouping of all turbopropeller aircraft manufacturing activities at Prestwick in Scotland, and a planned joint venture with Taiwan Aerospace to take over production and marketing of BAe's new RJ family of

The regional jet business lost the turboprops, which include the ATP and Jetstream air-

craft, lost 2111m. The regional jet and commuter turbopropeller aircraft business has been severely hit industry and the financial

problems of smaller airlines. It is also suffering from over enpacity and is in the throes of growing concentration, as manufacturers scramble to forge alliances and partnerships. Production of BAe 146 regional jets has fallen from more than 30 a year to about 24 this year. Since the 146 programme was first launched in

the early 1970s, a total of just over 200 nircraft have been

One of the handicaps of the BAe regional jet has been its four engines at a time when the market has tended to prefer twin-engine jet aircraft. But BAe claims it has enhanced its four-engine regional jet with its new family of revamped 146s and is considering developing a twin-engine version of the aircraft.

BAe is also attempting to forge an international partnership with its preliminary agreement with Taiwan Aerospace to form a \$500m joint venture which would aim to produce about 35 regional jets

BAe's traditionally profitable corporate jet business, includ-ing the BAs 125-800 and the BAe 1000, also showed a small 24m loss in the first half. BAe had sought to sell a majority stake in this business. But after fatting to secure a suffithis week to retain this activ-

The company now regards its 20 per cent stake in the European Airbus programme as one of its most promising assets. BAe produces all the wings for Airbus airliners.

Although its participation in Airbus resulted in a £4m loss in the first half, the company said Airbus continued to have a strong order book with firm orders covering almost the entire production for the next two years. BAe said yesterday It anticipated Airbus to become a cash generating business by

Where jobs will be cut

BRITISH Aerospace has become increasingly dependent on defence as the mainstay of its business but faces lingering uncertainties about crucial military programmes.
First half results show its

defence side as an island of profit in a sea of losses. Defence activities - embracing military aircraft, missiles and the Royal Ordnance munitions and land weapons business produced earnings before interest of £296m, up £15m from the same period last year. The only other sector in the black was construction, with a £12m

Although BAe refuses to break down its figures, all the defence businesses are currently profitable, including the heavily restructured Dynamics

ROVER GROUP, BAe's cars

and Land Rover vehicles sub-

before interest from £43m to

But the real core is undoubtedly its military aircraft operation based at Warton in Lancashire, now facing unresolved questions affecting both its immediate and long-term

BAe is counting on new orders from Saudi Arabia to keep its production of Tornado fighter-bombers at Warton going up to 1996. Tornado work on current Tornado orders has already virtually finished. Germany and italy, the other partners have ended their programmes, and BAe has moved. some work on its Hawk trainer aircraft to Warton in order to fill unused capacity

A long-awaited Saudi deal covering 48 more Tornados and a number of Hawk aircraft, together worth several billion pounds, is still pending. BAe is confident that the Saudis' requirement will not be affected by their planned pur-

Uncertainty hangs over vital defence side

But the Saudis are not averse to playing one supplier off against another, and it is unlikely the contract will be sealed before the F-15 deal has

Supplies to Saudi Arabia under a framework deal for which BAe is prime contractor are running at £2bn a year and are presumed to be the company's biggest single profit source. BAe said a new contract should be signed by the end of the year. But then it was saying the same this time last year. Tornado production is due to

be replaced after 1996 by the Buropean Fighter Aircraft, currently under question after Germany's rejection of the four-nation jet and its proposal to launch a less ambitious proj-

Spain and Italy, the other partners could also drop out of the project as currently con-

Mr Dick Evans, BAe's chief executive. says the group still aims at a collaborative project but maintains that it would be "perfectly feasible" for the UK to produce the aircraft on its

This, he says would save up to 30 per cent on the cost of collaborative production, and would bring the full export benefits to the UK. BAe and GEC - the other main British company with a beavy stake in EFA - are both considering the possibility of acting as risktaking managers of the project on behalf of the UK govern-

However, possible options for the future of the project will not become clear until the completion of studies by the trial partners paxt month. Also in question is the future of BAe's missile division, where employment has been reduced by two-thirds in the last three years to 5,300. Restructuring in the US -

particularly the recent acquisition of General Dynamics' missile operations by Hughes Aircraft - has increased pressure for reorganising the business in Europe to enable it to compete in the world market.

Plans to merge BAe's guided weapons' interests with those of Thomson-CSF of France colapsed early last year, Matra of France has recently

been in discussions on the future of the BAs division, seeking a link-up between prime contractors which might also eventually embrace the French state-controlled company Aérospatiale. GEC might also be involved in a joint mis-

inside the UK should also be

strengthened because of the

whether cars or components

and Peugeot Talbot.

30 cars a man year.

of main rivals Ford, Vauxhall

Rover still had some way to go

to meet Japanese efficiency

levels of 45 cars per man year,

he said Rover's 35 was now "a

match for anyone in Europe", where the industry average is

BAe made clear yesterday

that despite the problems else-

where in the business, there would be no let-up in invest-

ment programmes at Rover,

which involve spending of

£200m in each of the next two

financed by Rover itself.

Most of this would be

While acknowledging that

# Hatfield

THE SPEED and detail of the local reaction yesterday to the BAe announcement that it intended to close its Hatfield factory by the end of next year showed the decision was not unexpected. But it still came as a numbing blow to the local

Specific plans for alleviating the difficulties of the 2,360 to made redundant and for bringing new jobs to the area were announced by local authorities and the Hertfordshire Training and Enterprise Council (TEC) virtually immediately.

However, there was no attempt to hide the scale of the problems the local sconomy will now face.

"It's impossible to exaggerate the impact locally and the size of the disaster for Hatfield," said Mr David Riddell, chief executive of Welwyn Hatfield Council.

The workforce clocking on for the afternoon shift agreed. Mr Bob Cartwright, a machinist at the factory for 10 years, said the news had not been unexpected because of the steady reduction in the workforce in recent years, and the worldwide problems facing the aerospace industry.

"But it still comes as a very nasty shock. Nearly everyone you know around here works for BAs. Something like this touches every family," He said. He expects a redundancy pay-off of around 27,000 and ioes not want to move away from the area. A problem he shares with many others is the fall in the value of his house

- by at least £20,000 to 265.000 - which reduces his job mobility.
According to the local TEC, which is putting up around £500,000 of the money targetted to alleviate the growing

nnemployment problems, 85 per cent of those redundant ire men and over 1,000 are skilled technicians. About 40 per cent of the workforce lives in Welwyn and Hatfield, and a further 40 per cent in the rest of Hertfordshire. The problem is that Hatfield

is already a jobless blackspot, with an average unemploy ment level of 9 per cent, and with 17.5 per cent out of work in some areas.
British Aerospace suppliers
in Hertfordshire are set to lose

around £15m worth of orders a year. But the cumulative impact on the local economy is likely to be twice as high. It is Hatfield's pride as well

as its pocket that is hurt, though. The town has an unrivalled place in British aviation history having built many famous aircraft, including the wartime Mosquito fighterbomber, the de Havilland Comet airliner and, more recently, the Trident, the 125 executive jet and the 146 regional jetliner. There were 7,500 employed at the Hatfield factory until the mid-1980s but since then the rundown has

In 1989, the weapons' opera-tion was closed and, as the recession cut deeply into the world aviation market, the company was forced to reduce production costs to remain competitive.

There was very little criticism locally of the company. Its closure decision was seen as the inevitable result of market forces and the fall in demand for commercial air-Graft.

No blame attaches to BAe. We understand the pressures they have had to face and the efforts they have made to keep the factory open," said Mr Rid-

#### The improvement in Rover's Although most motor industry analysts expect UK sales to financial performance arose remain heavily depressed for from continuing cost-cutting

£31m, despite the savage recession in the UK new car market. the rest of this year, and at best a marginal recovery in 1993, BAe chairman Mr John Cahill said Rover would be in a position to "come back very

He emphasised BAe's intention to retain the Rover business - in which Houda of Japan has a 20 per cent stake - even after the embattled aerospace group becomes enti-

strongly" when the market

showed an upturn.

tled to sell formerly UK state- chief executive and Rover's insisted Mr Simpson. owned Rover group from chairman. August next year.

We have no plans to sell it; outstanding job with it," declared Mr Cahill.

and productivity measures, and was achieved despite a reduction in turnover from \$1,863bn to \$1,661bn in the first

The efficiency improvements have reduced Rover's break-even to around 440,000 The break-even position last

year was around 495.000 vehicles, according to Mr George Simpson, BAe's deputy

Rover cuts losses despite poor market

This year's objective remains well above the informal target of 404,000 Rover had hoped to achieve by the end of 1992. The cost savings already

achieved this year should have been sufficient to reach the lower level, said Mr Simpson. However, Rover has been blown off course by the fact that the much-predicted second half upturn in the UK car mar-ket failed to materialise. As a result, profit margins

have been much reduced by the savage price war still raging in the marketplace.

the productivity measures and cost cutting would continue to lower the break-even threshhold over the coming months,

Rover's first half unit sales totalled 202,000, with the second half expected to be "little better", according to Mr Simp-Some 45 per cent of first half

sales were exports, mainly to the continental Because of the high UK content of its cars Rover's financial performance is also expected to be boosted by sterling's devaluation against continental currencies, following the pound's withdrawal from the

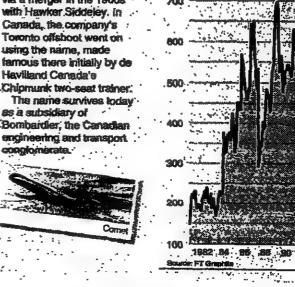
"Potentially, it will make a big difference", said Mr Simpson, who also expects the share of Rover's total sales taken by exports to rise slightly over the coming year.

Rover's competitive position

BAe share price Since flotation (pence) became absorbed into today's British Aerospace via a merger in the 1960s









#### Hatfield: Six decades of aviation history

The de Havilland Aircraft Company established its headquarters in Hatfield in

1980. The company was started 20 years earlier by Sir Geoffrey de Havilland in a rented field at Stag Lane, . Edgware, north London.



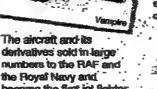
jet airliner, the Comet, which entered service in

By 1934.a new factory and offices had been built at Hatfield and production of Tiger Moth trainers and .. Dragon light transport aircraft was under way.

At the outbreak of war, de Havilland turned to military aircraft and created the Mosquito - a revolutionary twin-engined, high-speed wood. Nearly 8,000 were

During the post-war period the Hatfield design team-worked on both civil and military projects. One of their greatest

es was the distinctive Vampire iel fighter, distinguished by its unusual twin-boom tall.



## Taiwan Aerospace: the one-year-old with big ambitions

By Angus Foster and Luisetta

FOR A company almost exactly one year old, Taiwan Aerospace (TAC) could be accused of running before it

Despite having less than 100 staff, invested capital of about US\$200m (£120m) and only one small factory, it has been courting the world's largest aerospace companies offering

fresh cash for Western technology.

Last November it reached preliminary agreement to buy 40 per cent in McDonnell Douglas' commercial aircraft division for up to US\$2bn. Both sides say discussions are continuing, but observers in Taiwan say talks have stalled. Following this setback. yesterday's announcement of a 50/50 joint venture with British Aerospace's regional aircraft division able to execute, as well as dream up,

TAC was set up in September 1991 to negotiate joint production agree-ments with foreign alreraft manufac-turers and link them with Taiwanese sub-contractors. The largest shareholder is the government with 29 per cent. Other shareholders include some of Taiwan's largest companies such as shipping group Evergreen

and plastics giant Formosa. But the thinking behind TAC goes back further. After Taiwan's rapid economic growth as a low cost manufacturing centre, the island lost competitiveness in the 1980s as wage and land costs increased sharply. In an effort to upgrade its industrial base, the government designated ten strategic industries which it pledged to foster. Aerospace was by international arms suppliers until recently because of worries over China relations, Taiwan had already been forced to develop with foreign assistance its own military aircraft, the Indigenous Defence Fighter

This has received mixed reviews, but the government was concerned that because its programmes were military, key aerospace-related tech-nology was being denied the private

Starting in 1990, it set up two government agencies to co-ordinate the public and private sectors and inject aerospace technology into industry. Finally, with the creation of TAC, it launched a high-profile procurer of foreign technology.

Under the memorandum of understanding signed yesterday, final nents will be manufactured have not

assembly of BAe's BJ family will be split, initially at least, between the UK and TAC's factory in central

Mr Charles Masefield, president, RAe regional aircraft, said there will be "no limit" on technology transfer to Taiwan. It could include transfer of BAc's wing design aerodynamics, used on the European Airbus, as well as electronics and avionics, he

In return, BAe will receive about £125m for 50 per cent of the division. and access to Asia through a cheaper manufacturing base. Mr Denny Ko, president, TAC, estimated skilled Taiwan labour costs are 30 per cent below Europe. BAe said it can cut costs 20 per cent to 25 per

cent by moving to Asia. Precise details on where compo-

been agreed. Other, cheaper Asian locations may be used. BAe already makes undercarriage doors for the 146 aircraft in north

east China. Mr Masefield said the proportion of manufacturing transerred from the UK would depend "entirely on whether it is cost effec-The joint venture is due to begin operations on January 1 next year. Before than the two sides will decida how it is to be structured. They have

agreed already, however, that mar-

keting and support will be co-ordinated on a worldwide rather than regional basis Aerospace analysis in Talwan said the joint venture was likely to be a good deal for TAC. There are fears, however, that TAC is trying again to link up with a troubled Western

Doubts also remain how substantial a company TAC really is. This is mainly because of the perceived fail-ure to agree although there are fears again doubts remain about how substantial a company it is. This is mainly because of the per-

ceived faflure to agree terms with McDonnel Douglas. Mr Ko said TAC's factory, which only recently started production of some small parts for the IDF, could quickly be expanded with up to 300 more work-"The advantage with BAe is that

on-going. That makes it easier to raise the money," he said. Under an agreement reached when TAC was set up, shareholders are due to increase their investment by

we are getting in on a deal which is

NT\$4.2bn later this year, lifting TAC's capital base to NT\$5.5bn.



#### COMPANY NEWS: UK

## Costain omits interim after decline to £2.5m

Construction Correspondent

COSTAIN, the construction group which is seeking to sell. all or part of its profitable Australian coal mining business, saw pre-tax profits more than halve, from £5.7 to £2.5m, in

the first half of 1992. The group is passing its interim dividend (4.75p) after reporting losses per share of L3p (earnings of 1p). Turnover feli from £651.2m to £586.9m. Costain's share price slipped a further 2p to 27p.

The figures underlined the need for the group to raise cash to reduce its borrowings which remain large despite the sale for £101m of its commercial property portfolio at the end of last year.

The group revealed yester-day that it had been approached by several parties interested in acquiring all of its Australian mining subsidlary. Previously it had announced it would be selling a stake in the business which intended to float this year. Group net debt at the end of

GEEST, the fresh produce and

prepared foods group, reported pre-tax profits slightly ahead at \$15.4m, compared with \$15.1m, for the first half of 1992.

However, a recent collapse in

fresh produce prices led to a

warning that full year profits

may be less than the £26.2m

The shares fell 36p to 302p.

excluding bananas, from the

northern hemisphere contrib-

nted to a dramatic fall in prices

in July and August. Mr David Sugden, chief exec-

utive, said: "It is very tough

now but it is going to get

Imports and consumer

A bumper crop of fresh fruit,

achieved in 1991.

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development in London.

If that debt is included, gearing at the end of June would have been more than 100 per cent of shareholders funds of 2276m at the year end.
The Australian coal mining business is estimated to be

worth about £130m but this would assume a purchaser taking on the subsidiary's local borrowings of about £40m A sale would substantially reduce gearing even if, as seems likely, the group has to make further provisions on its UK housebuilding operations

and on its share of the troublesome Spitalfields development. Mr Peter Costain, chief executive, said yesterday that the group would be considering what level of provisions, if any, it would need to make at the year end.

He said that UK housing and construction markets remained deeply depressed. Housing incurred a reduced loss of £2.6m against a £4.2m loss last time. Construction and engi-June was £240m, including convertible preference shares but to £4.5m during the first half. neering profits fell from £14.8m

Geest shares fall following

warning on produce prices

demand for bananas rose dur-

ing the period ensuring that

trading profits from the fresh

fruit division edged up to

Prepared foods increased

trading profits to £3.71m (£3.22m). Mr Sugden said the group had identified "growing

niches" to withstand the reces-

Earnings per share advanced

to 15.3p (15.1p). The interim dividend is increased to 3.7p

The 9 per cent fall in Geest's

share price had more to do

with uncertainty surrounding

the total European Community

banana volumes than to the

price deflation affecting fresh

£11.4m (£11.3m).

**COMMENT** 

Mining profits were down from £17.2m to £14.3m. Lower profits from Australia offset mproved productivity in the

Without Australia to sell, Costain would be in even deeper trouble. As it is, a sale of the mining business could leave the group with gearing of any-where between 50 per cent and 70 per cent, depending upon how the cards fall. The tion then is what will the remaining businesses be worth. The group, although it will retain a small housing operation selling about 400 homes a year, is not an obvi-Margins in UK contracting are low at the best of times and at the moment are paper thin to non-existent. US mining has promised much but still has deliver. On the plus side the group is proving successful in overseas contracting where margins traditionally are better. Meanwhile, property provisions this year could be as high

produce. However, the unprec-edented 6 per cent decline in

the volume of fresh produce

underlines the seriousness of

the problems over the next six

months. Yet this should be put in prospective. If the

short-term is not looking so

good the long-term looks con-

siderably better. Geest's pene-tration of the SC and dollar hanana markets should enable

it to increase its banana sales

by 60 per cent next year when

the quote of EC banana vol-

umes is expected to fall by

about 16 per cent to 3.3m

tonnes. With forecast pre-tax

profits of £25m, giving earnings

per share of 24.8p, the shares

are on a prospective multiple of 12.1. In the long-term they

review of the business Warburg said the busine as £50m. There appears little employed only one front-line reason to support the shares at trader and was not significant least until Australia is sold. in the context of its main gilt-edged market making and money market activities. Other discount houses report that they have had a busy fortnight due to the upheaval in financial markets. Sterling's departure from the European exchange rate mechanism could prolong the life of

Warburg

closes its

discount

house side

SG WARBURG, the merchant banking group, is to close down the last vestiges of its

discount house operation at the end of this month, further

reducing the dwindling band of specialist intermediaries

who play a pivotal role in the

London money markets.
Discount houses are the only

institutions able to deal directly with the Bank of

England, making them an

important link in the Bank's

activities to influence money

Warburg merged its dis-count house into its gilt-edged

market making business ear-lier this year, effectively cut-

ting back its activities in the

area, and is now to close the

the decision to merge the

money market activities of

Warburg Securities and SG

Warburg, which has led to a

The move was prompted

market interest rates.

business entirely.

#### Debenham Tewson in merger talks

peen monetary union.

London's discount market if it

slows down or prevents ster-

ling's participation in Euro-

Debenham Tewson Chinnocks, a quoted firm of chartered surveyors, yesterday announced that it was in merger talks with Bernard Thorpe, a private surveying In a statement to the Stock

Exchange, Debenham said it would only proceed subject to satisfactory financial and other terms being agreed". Debenham Tewson's share price rose from 42p to 49p.

## Straying from the charted path

Michiyo Nakamoto looks at the background to Amstrad's problems

HEN Amstrad became a public company in 1000 4 Amstrad UK was sliding into a recession. Despite this, the company was able to beat its forecast and raise profits by 50 per cent. Twelve years later, as Mr Alan Sugar contemplates the possibility of taking Amstrad private again, Britain is once more in the grip of a recession. But this time Amstrad is about to report a loss that many expect to be worse than the company has forecast, and it faces the prospect of further gest and most successful businesses - the personal com-Pro-box north / loss /Fm) puter market. To some extent the reversal in the company's fortunes reflects the changes in the

markets in which it operates. Consumer electronics and personal computers, two markets where Amstrad has made its mark in Europe, have become so competitive that one bad mistake can send even the leading players reeling. But the company's problems are not simply a result of the turnoil in its markets. "Amst-

rad is not losing money just because of the recession," as one analyst put it. The difficulties the compar finds itself in are as much symptoms of a creeping change

in the way it operates. Amstrad has failed to follow its own cardinal rules that laid the foundation for its extraordinary success in the 1980s. Mr Sugar had built Amstrad from scratch into a company with a £600m annual turnover by offering consumers product

grasp of what they wanted.

truck driver and his wife, as By the mid-1980s, Amstrad had moved on to personal computers and scored a coup with its low cost, one-plug, all in one PCs. As one computer sucafter product that were based not on any technological cess followed another and were breakthrough but on a brilliant joined by inexpensive facsimile

In the late-1970s it was the

Tower System which combined

the amplifier, tuner and cas-

sette deck in one unit and

brought the hi-fi set to the

satellite dishes, the company's profits soared to a record floom in 1988 on turoover that peaked at £635m. Amstrad's share price climbed to a high of 233p in August 1988.

steered Amstrad to the height of its glory with one hit after another, he was always careful to ensure that the company moved out of its markets as soon as the going got rough.

"We're a very profit-oriented company and the best way to make profits is to be active in an area where no-one else is. And as soon as margins are

ara," Mr Sugar once remarked. As the company prepares to report a huge loss for the year, hareholders may be forgiven for wondering if Mr Sugar has lost his knack for reading the

The company has not had a big hit on the market for some time and the new offerings it has lined up do not have the same sparkle as its earlier

user-friendly notepad PC are fine ideas but the videophones facturers are not significantly more expensive and everyone knows that prices will fall any-

way within a few years. The problem facing Amstrad is perhaps not just that it cannot come up with good ideas, but that the formula of selling easy-to-use electronics at low prices is no longer its sole pre-

That is where the company got stuck with the PC market. Having plunged into the business. Amstrad was clobbered when it was slow in moving old products and introducing

While going private could pave the way to the more radical surgery that may be needed to nurse the company back to profitability, the view among analysts is that it may also

provide an easier exit from the PC market. The company still has a cred ible position in brown goods and satellite equipment which could provide profits when the

## Market conditions hit Woolcombers float

1980 81 82 83 84 85 86 87 88 89 90 91 92

By Roland Rudd

WOOLCOMBERS Group, the Yorkshire wool processor, yesterday postponed its planned flotation because of unstable market conditions and the lack of liquidity in small companies Following the circulation of the outline prospectus on Sep-tember 10, James Capel, the

stockbrokers, were to announce the details of the issue vesterday.

machines, video recorders and

A market value of between 235m and £40m was expected for Woolcombers, with just under £20m set to be raised via a share placing. However, not enough institutions were prepared to take the shares. Mr Alan Lewis, chairman of

Woolcombers, said: "We have just been through the most turbulent market conditions since 1987. This coupled with the companies sector forced us to

postpone the issue."
He denied that the postpone-

ment had anything to do with Mr Lewis hopes Woolcombers will return to the stock market when conditions stabilise. However, he indicated that uncertainty in the marflotation for a long time.

Woolcombers is part of the Illingworth Morris group, taken private by Mr lewis in 1989. Mr Lewis controls a string of textiles companies.

#### **Conder Group** goes into receiversnip

Conder Group, Winchester-based construction group, yesterday went into administrative receivership, writes Vanessa Houlder, Mr Alan Barrett of Price

Waterhouse, who was appointed joint administrative receiver, attributed the group's financial difficulties to severe losses a year ago in its Elemeta

The group failed in efforts to raise additional working capi-tal and had attempted to sell parts of the business to generate cash. Following the withdrawal of the last serious purdecided it was unable to con-

The group employs over 830

## **Exploration write-off** pushes Clyde into red

By Nell Buckley

CLYDE PETROLEUM, the UK independent exploration and production company, announced a net loss of 25.48m for the six months to June 30. The result was after a write-off of 27.9m from unsuccessful

exploration activities.

Net profits for the first half
of 1991 were £6.3m. However. the company decided from this year to write off the cost of falled exploration immediately on its profit and loss account. to give a fairer representation of its financial position. Successful exploration will continue to be capitalised and depreciated against eventual

production. Mr Malcolm Gourlay, chief executive, said this was a

"half-way house" between full cost accounting, common among smaller oil companies, and successful efforts account-

ing, used by leading groups. Clyde wrote off the £7.9m costs of the withdrawal from Myanmar, where it drilled a dry hole.

Mr Gourlay said earnings were in line with expectations given a "historically low" oil price of £10.59 per barrel, down from £11.38 in 1991. Although production increased from 23,651 to 26,170 barrels of oil equivalent a day, turnover feil from £44.6m to £43.7m.

Losses per share came through at 1.7p (2p earnings). Clyde confirmed it was suspending dividends to allow increased exploration spend-

## Greenwell Montagu absorbed in Hongkong **Bank rationalisation**

JAMES CAPEL, the investment house owned by Hongkong Bank, is to absorb the private client stockbroking business of Greenwell Montagu Stockbrokers with the loss of up to 150 jobs.

The move, to take effect next January, is part of the rationalisation following the merger of Hongkong Bank and Midland. Mr Bernard Asher, director of HSBC Holdings, said Green-

well's business was "substantial in revenue terms but not enough to make it profitable." Putting the two sides together

current 220 staff, he said. The move will in effect mark the final demise of the once-proud name of Greenwell, one of London's top brokers before Big Bang. The new business will be known as "James Capel, incorporating W Greenwell." said Mr Asher - in practice relegating the Greenwell name from view.

As part of the break-up of Greenwell, Smith Keen Cutler - a private client broking part of the group based in Birmingham - is to be sold to Allied Provincial, a stockbroker in which Capel owns 34 per cent. Putting the two sides together would lead to 130-150 redundancies among Greenwell's Keen Cutler is to join Capel.

(£9.7m) against a fall to £16.2m

(£17.1m) in shoes and to £20.6m

Operating profit fell to £2.21m (£2.33m) largely due to a £290,090 loss in the clothing

division (£200,000 profit).

(£23.6m) in clothing.

Corres - Total
Date of ponding for
payment dividend year

3.21

#### PROCUREMENT NOTICE INVITATION TO PREQUALIFICATION

AIR TRAFFIC AND AIRPORT ADMINISTRATION OF MINISTRY OF TRANSPORT, COMMUNICATION AND WATER MANAGEMENT OF REPUBLIC OF HUNGARY

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according to the terms of a negotiated and mutually agreed

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The prequalified Applicants will be invited to participate and to

Preliminary information - regarding the prequalification - and forms of "REQUEST FOR PREQUALIFICATION" (RFQ) may be obtained at the address below, between 9.00 and 15.00 o'clock on workdays from Wednesday 30th of September against a receipt of payment of USD 3000,- (three thousand USD) or equivalent in other convertible currency. Remittances are to be made to the account of Air Traffic and Airport Administration No.: 232-90173-2825 kept in "Magyar Nemzeti Bank". Pay in cash at the address

Air Traffic and Airport Administration H-1675 Budapest-Feribegy 1.

and on-going similar projects.

Referens: dr. Farkas József, chief of the Investment Department Tel.: (36)-1-157-5487, Fax.: (36)-1-157-6181, Tx.: 22-6478

The signed forms completed in English of RPQ should be submitted to the same address, not later than 12.00 (local time) Monday, 30th of November 1992. Within 90 days after the expiry of the submission date the

Applicants will be notified about the PQ review Committee's decision. This decision is final.

Selected applicants can get the Tender for the Investment after

Budapest, September 1992 AIR TRAFFIC AND AIRPORT ADMINISTRATION LEGAL NOTICES

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NOTICE IS HERSBY GIVEN, PLANMANI LO meeting 48(2) of the Londveroy Am 1986, that a marking of the mesonand conditions of the shows manual company will be index at the littless of Code.

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Describer 17th Supermber 1992. No. 006032 of 1992 In the High Court of Justice Chestery's Division Mr Justice Jeanthus Paper

Mr Jestim Josephen Papier
Batwane

N THE MATTER OF
TURNBULL SCOTT HOLDING FLC
-and IN THE MATTER OF THE
COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that the Order of
the High Court of Justica Chancory Divinion
deted 12th August 1992 conforming the seduction
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14th August 1992.
Dated 4th September 1992
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PERSONAL



## **Appointments** Advertising

appears every Wednesday & Thursday

Friday (International edition only)

## **Dorling approaches stock** market with doubled profits

By Andrew Bolger

DORLING KINDERSLEY, the international publisher which plans to publish its pathfinder prospectus for a stock market listing next month, reported a doubling of annual pre-tax rossis from £3.68m to £7.5m.

Turnover grew by 66 per tits already rapid development.

The share issue is being sponsored by Barclays de Zoete cent, from £42.8m to £70.9m, in

The proposed flotation, which should capitalise the company at between £75m and £100m, is expected to raise in the region of £30m, which the company plans to use to fuel

Wedd with Cazenove appointed the year to June 30, which the The US is Dorling's biggest market, accounting for 32 per group said reflected strong performances by both its main businesses - adults' and cent of turnover, compared

## INSURANCE CLAIM

children's illustrated ref- with 30 per cent in the UK.

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#### Gibbs Mew urges rejection of BIL offer

Gibbs Mew, the Salisburybased trewer and commercial property company, yesterday posted its defence document in which it rejects the hostile 200p per share offer from a subsidiary of Brierley Invest-ments, the New Zealand investment company, writes

Peter Penrse. The brewer, which is 59 per cent family-controlled, also announced it had conditionally agreed to acquire UK D, a wholesale distributor of alcoholic and non-alcoholic drinks for an initial £2.33m in loan notes and shares. Depending on profits in the year to April 3 1993, there is additional consideration of up to £540,000 in

BIL's bid values its target at about £11m. In the statement issued today, Gibbs Mew said that the board and other members of the family controlling \$5.5 per cent of the share capi-

## 22% but issues warning PITTARD GARNAR, the leath- chamois division and shoes

er company which is on a and leather goods. Sales at the recovery path, announced a 22 gloving division rose to £10.5m per cent jump in pre-tax profits to £1.27m for the half year to

man, admitted that the results fell short of expectations because of depressed economic conditions in the UK and the US. He attributed the pre-tax gain to continued reduction in bank debt and struck a cautious note for the second between the continued reduction in bank debt and struck a cautious note for the second between the continued reduction in E16.5m (£18.5m) for securing of tious note for the second half.

DIVIDENDS ANNOUNCED

Clyde Petroleum ....int

Headism .....int Henderson H'land ...int

Huntleigh Tech § .....int I&S Optimum ......int

Pitterd Garnar ......int

Secure Trust .....int

Spirax-Sarco \_\_\_\_\_int

interim making 2.8p to date.

BIL replied that the Gibbs family had attempted to present a fait accompli and had not waited for independent shareholders' views.

**GM Firth** 

steel and plastics maker

## Pittard Garnar advances

Mr David Macdonaid, chair-

51 per cent. Earnings per share rose to 3.5p (2.5p) and an interim dividend of 0.5p (nil) is declared. Sales fell 6 per cent to £47.3m (£50.5m) on weakened demand, especially in its clothing and

nii nii 1 nii 1.76 3.7 1.25 0.75† 1.4‡‡ 4 1.85‡ 0.452 3.8\*

0.5

4 2.7

Nov 18 Dec 31

Barrait Devs ..... Britannia Group

tal intended to reject the offer.

GM Firth, the steel stockholding group, has offered to sell its 23 per cent stake in Arthur Lee. The shares rose 5p Dividends shown pence per share not except where otherwise stated. On increased capital. \$USM stock. \*US cents, #First interim. #1Second to 83p, valuing Lee at £27.6m. Firth said it intends to use the proceeds to reduce debt.

**Overseas** 

11% rise

at Spirax

By Andrew Boiger

sales behind

SPIRAX-SARCO Engineering

the steam equipment specialist, reported an 11 per cent

increase in interim pre-tax

profits to £10.5m while saying

there was still no sign of any

improvement in trading condi-

The Cheltenham-based

group, which makes 80 per cent of its steam-related sales

outside the UK, said the effect of the recent sterling devalua-

tion was difficult to predict,

but could benefit next year's

results.

The group said turnover in the six months to June 30

increased by 7 per cent to 581.4m, including a good con-tribution from new products. Trading profit increased by 4.6

per cent to to £11.3m, with

margins slightly lower at 13.8

The pre-tax profits figure was flattered by a drop in

interest payable from £1.8m to to £798,000, although the bene-

fit is unlikely to be as marked

Mr Chris Tappin, executive chairman, said that in the

group's principal steam speci-

ality business, the UK market

remained depressed, but a wider range of products had helped to achieve real growth

in the second half.

tions in its world markets.

By Michael Skapinker, Industries Correspo

AIRTOURS, the UK's third largest tour operator, yester-day announced it had bought the Pickfords travel agency chain from NFC, the transport

Mr David Crossland, chairman, said owning Pickfords would improve the distribution of his group's holidays, provide it with better market information and strengthen its presence in the south of England. He said that if each of Pickfords' 333 branches booked one additional Airtours holiday a week, it would add £2m to the enlarged group's pre-tax prof-

Airtours would pay for the purchase from its own cash resources, Mr Crossland said. The deal was broadly wel-comed by the City, with Airtours shares rising 10p to

"It's difficult to see any major downside," said Mr Peter Joseph of Smith New Court. The only reservation might be that owning a travel agency chain with 1,700 employees would make it more difficult for Airtours to cut capacity if the market turned down. Pickfords Travel is the UK's

third biggest travel agency chain after Lunn Poly and Thomas Cook. Mr Crossland said Pickfords' market share was 7.3 per cent,

Trafalgar House, the property,

engineering and construction

Sir Eric Parker, Trafalgar's chief executive, said that since

BZW had a potential conflict

of interest it had been agreed

that the change would be in

the best interests of both par-

the bid closed for Davy that

In a separate development

Trafalgar

Roland Rudd.

the company.



David Crossland: Purchase will improve distribution of holidays and strengthen presence in south of England

Lunn Poly and 8.7 per cent for

Thomas Cook. In the 48 weeks to September 5 this year, Pickfords made profits before tax, profit-shar-ing and extraordinary items of £2.9m on commissions of £51.1m generated from retail sales of £387m. It has each balances of about £40m and is understood to have net assets

Pickfords sold its business travel division to Wagon-Lits last year, generating an extraordinary profit of £5.5m. Mr Crossland said the exist-

ing Pickfords management would remain in their lobs and that Airtours did not intend to close any of the travel agency Senior members of Airtours

staff had visited all the Pickfords outlets. The company had also had a surveyor's report done on each

Mr Crossland said they ppeared to be in good condi tion but said Pickfords required increased investment in information technology. He did not yet know bow much this would cost.

in turnover and trading prof-In continental Europe overall volume reduced, mainly due to a drop in capital expenditure by customers in France. However, orders from former eastern bloc countries increased business in Germany, and helped maintain

per cent.

European trading profits. Growth in the Far East was slower than in previous years, although the company said good growth was achieved in Japan, Talwan, Thailand and

New Zealand. Business levels remained depressed in North America, although cost controls maintained trading profits. In Argentina the company enjoyed a good increase in business but economic uncertainty reduced demand at the

group's Brazilian subsidiary. The tax charge of 42 per cent reflected the overseas contri-butions to profits and for the first time included £450,000 of potentially unrecoverable advance corporation tax.

Mr Tappin said positive cash flow was achieved while investment was maintained at £10m. Net borrowings fell to £16.3m (£25.6m), reducing gearing from 38 to 22 per cent. Rarnings per share emerged at 7.8p (7.4p) and the interim dividend is held at 2.7p.

## Laura Ashley recovery continues

LAURA ASHLEY Holdings, the clothes and home furnishings group that sees itself as a "lifestyle brand" rather than a retailer, more than trebled its pre-tax profit to \$1.68m in the six months to July 25.

However, the interim dividend is passed again. Mr Jim Maxmin, who took over as chief executive a year ago at the group which had been losing money for three years, said: "It's too early in the recovery cycle to consider paying dividends."

Most of the group's shares are in the hands of Sir Bernard Ashley, chairman, who holds 58 per cent, and the Japanese

Acon group, which has 15 per

Last vear's interim figure was £528,000 on turnover of £132.2m. The reduction in sales to £115.9m was planned, Mr Maxmin said.

"The gross margin went up in every market and product category except garments in North America." That part of the business had lost fim. North America accounts for

about a third of sales and has 196 shops. Although the retailing background was depressed. Mr Maxmin said most of the problems were self inflicted. There had been a "skills defi-cif" in the head office in New

ing on basic retailing disci-

About 40 per cent of sales lie in the UK, where there are 175 shops. Mr Andrew Higginson, finance director, said UK garment sales had dropped by 14.5 per cent, "in line with the plan", but gross margins had only fallen by 2.4 per cent. "We have been eliminating unprof-

itable sales In the first seven weeks of the second half, sales were 15 per cent ahead of last year. In continental Europe, where there are 65 shops and more planned, both garments and home furnishings improved

sales and profits.

business and a joint venture in Japan - contributed £1.57m (£1,41m). Sales at Laura Ashley Japan advanced 20 per cent. Operating profit from wholly

owned activities rose to £499,000 (£383,000). Operating expenses were cut by £8.4m. Interest payments came down to £512,000 (£1.42m) and net debt fell to £6.5m (£13.4m),

gearing of about 7 per cent. Earnings per share rose to 0.4p (0.12p), although the tax rate stayed high at 45 per cent. Mr Higginson said the tax paid on continental and associate profits represented a virtual fixed charge. As profits came back from the UK and North America, the rate would fall

## Travis Perkins warns on second half

TRAVIS PERKINS, which describes itself as equal fourth in the builders' merchant market, saw a near-4 per cent fall in pretax profit, from £5.47m to £5.28m, in the first half of the year. However, Mr Tony Travis, chairman,

arned that the second half might not match the first because of the cost of branch closures. Last year's pre-tax total was £14m, including £5.8m of property sales. Property was only likely to contribute £2m this year, after £720,000 (£600,000) in the first half. Turnover slipped to £151.8m (£156.1m)

nd operating profit to £4.85m (£5.02m). Mr Travis described the results as the present market". The share price

gained 11p to close at 144p.

The operating margin was held at 3.2 per

cent, whereas the 15-year average was between 8 and 7 per cent.

A 1 per cent decline in gross margin, from 29.5 to 28.5 per cent, was offset by

cuts in overheads. The group employed 3,250 people at the and of June, 11 per cent down on June last year and 1,400 fewer than three years ago. Further jobs would be shed in the second

Interest payments roughly doubled to 2305,000, although the group ended the first half with some cash in hand. Mr Travis said the average overdraft was between £3m and £4m. The group has had little debt since the all-paper merger of Travis & Arnold and Sandell Perkins in

The number of branches had fallen from a peak of 169 after the merger to about 145 by the end of this year. The group claims nearly 5 per cent of the national builders'

merchant market, but perhaps twice that in the main regions in which it operates; London, the south and the Midlands. Mr Travis said the 1 per cent fall in interest rates would do little to help the

group this year, although it was a step in the right direction. The falling value of the pound might help reverse the decline in imported timber product prices. "As a distributor we have been living on a percentage on products that have been failing in

price for two-and-a-half years. Timber products accounted for 33.2 per cent of first-half sales. Building products' share was 38.1 per cent and plumbing and

heating equipment 24.2 per cent.

Bad debt charges remained high at 1.1
per cent of credit sales (80 per cent of sales are on credit), although this was an improvement on 1.4 per cent for 1991. Earnings per share fell to 3.6p (3.8p). The interim dividend is maintained at 2.5p.

#### **Huntleigh improves** House replaces strongly to £2.35m **BZW** with UBS

group, yesterday replaced one of its brokers Barclays de PROGRESS AT Huntleigh Technology, the USM-quoted Zoete Wedd Securities with medical equipment manufac-UBS Phillips & Drew, writes turer, continued in the first half of 1992 with pre-tax profits BZW are financial advisers jumping from £932,000 to £2.35m, a figure almost 2 per cant higher than the full-year and sole brokers to Midland & Scottish Resources who have been in dispute with Trafalgar outcome in 1991. concerning the Emerald Producer offshore rig for almost a

The interim dividend is more than doubled to 4p (1.75p), payable from earnings ahead to 17.02p (7.02p) per share. Mr Rolf Schild, chairman,

said the board's policy was for the total dividend to be at least The shares rose 38p to close at 718b.

Trafalgar directors claim Turnover rose 33 per cent to £13m (£9.8m), though Mr Schild said that if the activities of the recorder division - now sold there was nothing wrong with and providing an exceptional credit of £120,000 - and the RTZ, the mining group, has load cell joint venture were stripped out, the increase would have been 50 per cent. appointed Cazenove as joint

Mr Julian Schild, the chairman's son and finance director, said the profits advance was derived from growth across all the company's markets. He described this as "unusual" normally some grew as others

However, malpractice suits in the US - and increasingly in Europe - as well as the financial necessity for bospitals to minimise patients' stays, ensured that sales of Huntleigh's pneumatic mattresses to combat bedsores continued as the engine of growth. in more general terms, his father ascribed Huntleigh's strength to its "narrow" product range and large volumes

which allowed stocks and overheads to be reduced. That strength was maintained in spite of the adverse dollar/sterling exchange rate. Huntleigh is 56 per cent con-trolled by the Schild family and 60 per cent by the family

## **BSG** reverses trend and advances 31%

BSG International, the ponents, vehicle distribution and consumer products group, lifted pre-tax profits by 31 per cent from £6.51m to £8.57m for the first half of 1992. reversing the trend of the last two years.

The result was achieved on a reduced turnover of £297.4m compared with £287.3m. Earnings per share rose from 1.92n to 2.57p, and the interim divilend is maintained at 0.7p.

Both the profits growth and the decline in turnover followed changes in BSG's Bir-mingham vehicle distribution, where it has stopped fleet sales with an automatic buy-back guarantee and extricated itself from a high volume, low margin business.

At the same time the group is reducing its Birmingham

**NEWS DIGEST** 

was a small loss, however, in the US where a new mirror plant is being built in Michi-Nevertheless, BSG expects

sites from three to two and

dropping its Iveco truck sales

BSG lifted its automotive

components trading profits

from £3.85m to £5.45m. They

increased in the UK, where the

group has started supplying

Japanese car manufacturers, in

France and in Australia, There

US mirror turnover, on the basis of contracts already signed, to rise from \$4m (£2.3m) this year to \$96m in five years time. Trading profits and turnover were lower in the consumer

products division, which makes children's car safety seats, push chairs and nurser furniture. This reflected the recession but was offset partly by a strong performance in

## Vardon pays £10m for eight marine centres

By Paul Taylor

VARDON, the leisure attractions group which owns the London and York Dun-geons, has agreed to buy Sea Life Centres for 29.9m in cash and stock, and plans a share placement, and Stock Exchange listing, to help fund the acquisition. Sea Life owns and operates

eight marine life centres around Britain and operates the Blackpool Centre, in which it has a 50 per cent stake with First Leisure.

Vardon acquired the Dun-geons in March for £5.6m from Kunick after Mr David Hudd, chairman, and Mr Nickolas frens, chief executive and for mer finance director of First Leisure joined the board of Winchmore, restructured the company and changed its

Yesterday the group reported interim pre-tax profit of 2337,000 on turnover of £639,000 for the 27 weeks to July 5 and

an interim dividend of 0.25p. Vardon is forecasting pre-tax profits of £2.3m, earnings per share of 4p, and a final divi-dend of 0.5p per share for the

Under the terms of the deal the £9.9m purchase price will be satisfied by £2.5m cash and the issue of 16.36m Vardon shares, of which 11.9m will be placed on behalf of the vendors at 45p per share. The cash element of the pur-

chase, together with about 21.3m of working capital for the group, will be provided through the placement of a further 11m shares in Vardon at the same price.

#### **Jardine Strategic**

Jardine Strategic, the investment holding concern of Jardine Matheson, lifted pretax profits for the June 30 half year to \$211m (£119m) against \$194m. The interim dividend is 3.8 cents (3.5 cents).

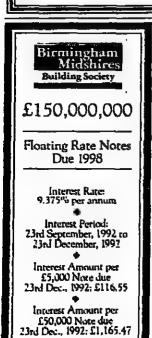
## Bank of Ireland **Base Rate**

Bank of Ireland announces that with effect from close of business on 23rd September 1992 its Base Rate is reduced from 10.00% to 9.00%



## Bank of Ireland

Area Office, 36-40 High Street, Slough, Berkshire SL1 1EL



Agent Bank Baring Brithers & Co., Limit

#### HUNGARY

The FT proposes to publish this survey on October 29 1992. The survey will be seen by leading international businessmen in 160 countries worldwide. If you would like to promote your organisation's important audience please contact; Patricia Surridge

in London Tel: 071-873 3426 Fax: 071-873 3428 Gerd Roezler in Vienna Tel: (1) 505 3184 Fax: (1) 505 3176

FT SURVEYS

## Secure Tst rises 10% to £3.4m

SECURE TRUST, the financial services group, recorded a 9.8 per cent jump in interim pretax profits despite the impact of the recession.

Profits in the six months to June 30 rose to £3.44m (£3.13m). Barnings per share rose 11 per cent to 16.1p (14.5p) and the interim dividend is increased to 4p (3.5p).

The company, which speci-alises in household budget management, experienced an increase in its bad debt ratio from 1 to 1.25 per cent. It also saw a reduction in its interest income, due to falling base rates, and there was no growth in the number of customers using its budgeting service because of the poor state of the

These factors were more than offset, however, by selling new products, including loans to the existing customer base and by the growth of commission income resulting from the acquisition of OBC Insurance Consultants, Arbuthnot Fund Managers made a small profit.

#### JMD plans change of direction

JMD Group, the greeting cards maker and novelty products merchandiser, yesterday accompanied its interim results with a capital reorganisation, a move into computer and video games retailing and

a change of name. Mr Bev Ripley and Mr Terry Norris, formerly chairman and managing director of Cityvision are to join the board as executive chairman and managing director respectively. The USM-quoted group

reported pre-tax losses more than doubled in the six months to end-June, from £70,000 to £150,000. Turnover increased from EI.15m to £1.26m. Losses per share emerged at 0.19p (0.09p).

The group plans to raise

some 23.9m, net of expenses, by way of a placing and open offer of up to 32.2m new 5p shares and a subscription for a further 2.6m shares.

Under the reorganisation, shareholders will receive one consolidated ordinary share for every five existing shares held. The open offer entitles qualifying shareholders to 25 new shares for every 12 consolidated ordinary shares at 12%p

It is proposed to change the name of the company to Rhino

#### Dagenham Motors ahead to £1.13m

Dagenham Motors, the Ford and Iveco dealer, lifted interim profits by 11 per cent "despite extremely adverse trading con-ditions" according to Mr David

Profits for the first half of 1992 totalled £1.13m pre-tax, up from a comparable \$1.01m. Turnover improved from 261 2m to £75.6m with the new dealerships at Enfield and Stevenage contributing £13m of

The two outlets were the main factor behind a 20 per cent increase in vehicle s They should cover their fund-ing costs and make a contribution to profits in the second half, Mr Philip said. The interim dividend is held

at 1.75p, payable from earnings ahead from 4p to 4.4p per

#### Britannia deficit up to £155.000

A reduced contribution from its construction activities led Britannia Group to report an increased deficit in the six months to June 30 and to pass

its interim dividend The Cheltenham-based construction and housing company saw turnover jump from £9.17m to £15.8m partly reflecting the sale of an industrial park and improved housing sales. Net interest charges, how-

ever, rose to £211,000 (£134,000)

the pre-tax deficit

increased from £3,000 to

Mr Chris Powell, chairman, said: "Market conditions are extremely difficult with both margins and volumes being beavily squeezed...we believe that it would be foolish to chase construction turnover and forgo profits."

He was more encouraging on prospects for the housing side, particularly in the medium and ong term.
"The dramatic events of

recent days have, we believe, improved the prospects for a housing recovery," he stated. The company sold 36 units from five sites in the first half of the year, from July 1 to date another 26 have been sold. Losses per share were 0.9p. The interim dividend is omit-

ted (Ip) as was last year's final.

#### Depressed house sales hit Dencora

Dencora, the property invest-ment and development and housebuilding group, saw profits drop to just £20,000 pre-tax in the six months to June 30. The outcome, which reflected a reduced rent roll and depressed house sale

compared with £210,000 last

Net interest charges amounted to £3.39m (£2.66m), none of which was capitalised. In the last full year, interest totalled £9.5m, with £3.3m capi-talised and £6.2m charged to the profit and loss account. Borrowings at the period end

Fully diluted earnings per share dipped to 0.5p (0.9p); the company does not pay interim dividends.

were £59m, down from £74m in

#### Clarke Nickolls incurs £0.22m loss

Ciarke Nickolls & Coombs, the property company, reported a pre-tax loss of £218,000 in the first half of 1993.

The outcome compared with a profit of £72,900 in the same period last year and a loss of \$727,000 for the whole of 1991. Cross rental income fell from

the service of the many of the service of the servi

£1.13m to £1.05m, income from serviced office facilities was down from £599,000 to £458,000

while income from sales of properties dived from £2.07m to 1150,000. Mr Eric Lyall, chairman, said that business confidence had

ebbed further during the half The group is heavily borrowed but as most of the interest is capped any rate reduction would help the group.

#### Henderson Highland net assets lower

There is no interim dividend

Henderson Highland Trust had a net asset value of 85.1p at August 31, down from 96.7p

end February. Attributable profits for the half-year to end-August amounted to £633,000 (£759,000) equivalent to earnings of 2.65p (2.91p) per share. A second interim dividend of 1.4p makes 2.8p so far this

#### Losses mount at **London Securities**

London Securities, the property and investment company, ounced increased losses fo the six months to end-March and issued details of its proposed restructuring.

Losses before tax increased by some £L2m to £6.55m. After a tax credit of £747,000, losses per share came out at 8.8p Directors have proposed a

financial restructuring by way of a two-year corporate volum tary arrangement, a capital reorganisation and an offer of new shares to shareholders to raise between £90,000 and £305,000 - partially underwritten by Mr David Pearl, chair-

Directors said that if the

reorganisation was not imple-

mented the company would have no alternative to going into liquidation or receiver

Following the capital reorganisation ordinary shareholders will hold one new share for every 35 held.

Preference holders will have two new ordinary shares for every seven preference shares. A forced sale now of the group's assets would, they said, result in an overall deficit of about £13m

As previously announced. to September 30. The accounts would, therefore, cover the 18 months to September 30 1992.

#### Copymore slips to £506,000

Copymore, the USM-quoted office automation equipment distributor, reported pre-tax profits for the first half of 1992 down from 2606,000 to 2506,000, on turnover of £14.9m (£13.8m). The profit was struck after

interest payable of £218,000 (£253,000) and after tax of £182,000 (£234,000) the net balance came through at £324,000 (£382,000) — equal to earnings per share of 3p (3.5p). The interim dividend is held

at 1p - last year's total was 2.7p paid from pre-tax profits of At the year end the debt/equity ratio was reduced from 95 per cent to 70 per cent and interest cover extended to 3.3

## Headlam more than

doubled to £465,000 Headlam, the footwear and fabrics group, yesterday announced more-than-doubled interbn profits and an acquisi-

Pre-tax profits for the six months to end-June advanced from £213,000 to £465,000, and came from turnover up from £11.501 to £24.1m. The company being acquired

is Minto and Turner, a Manchester-based industrial fabrics The total consideration for the deal is £820,000, payable in

The company has made a number of acquisitions in the period as part of its strategy of broadening its base, and Mr Graham Waldron, chairman, said further acquisitions were

The loss-making Faire Bros business has also been sold to menagement. Earnings per share emerged at 1.79p (1.41p) and the interim

dividend is maintained at

## Recovery under

way at SR Gent SR Gent, the South Yorkshire-based supplier of fashion clothing to Marks and Spencer. staged a partial recovery in the

12 months to June 30. Pre-tax profits more than doubled from a depressed £1.08m last time to £2.29m reflecting benefits of the reorganisation of production resources. Turnover edged ahead to £128m.

The outcome was also helped by interest charges reduced to £2.71m (£3.58m). Gearing dropped from 85 per

cent to 47 per cent. The recommended final divi-dend is lifted to 1.25p, maintaining the total for the year at 2p, payable from earnings of 3.4p (1.3p) per share.

#### ISA Intl improves 28% to £1.32m

ISA International, the Bradford-based computer consumables supplier, lifted pretax profits by 28 per cent -from £1.03m to £1.32m - in the

six months to June 30. Mr John Parkinson, chairman, said the German and French subsidiaries "performed well in all respects' while Datarekvisita of Norway. acquired for £1.4m cash in April, was "progressing well". UK operations, the end-user

recovery. Following the Norwegian purchase and £1.1m of goodwill written off, gearing rose from about 80 per cent to 45 per

cent. Turnover advanced 45 per cent to £52.3m (£36m). Earnings per share emerged at 2.708p (1.942p) and the interim dividend goes up to 0.482p

division apart, had staged a -

cash, loan notes and ordinary

## COMPUTERS IN MANUFACTURING

Thursday September 24 1992

Computers have changed the face of manufacturing in the past 20 years, but often the wrong systems have been installed. New software developments now provide the opportunity to avoid previous problems, writes Andrew Baxter

the system by changing it very

slightly. Episodes like this go some

way to explain the very high

failure rates of, and unrealistic

expectations for, computers in

the manufacturing environ-

ment. At the same time, there

has also been considerable dis-

satisfaction at board level

about companies' computer

investments, because they

have hitherto been seen by

chief executives as islands of

automation that have not been

linked together properly, says

Mr Garreth Evans, Computer-

vision's UK managing director.

ing, just as manufacturers

themselves are trying to sim-

plify their production pro-

petitive challenges of the 1990s.

simple manufacturing cells

with varying levels of automa-

tion is simed at producing

truly flexible manufacturing

and sharply reducing cycle

times, and manufacturers are

looking for computer systems

that support rather than

forcing chief executives to con-

trol capital spending tightly.

bosses are at last realising that

they have to become involved

in the major computer deci-

sions that might previously

have been left to separate

departments. Indeed, manufacturers have

And just as the recession is

amother the process.

The move towards small,

es to address the big com-

But attitudes are now chang-

## **Avoidable** problems

may fast be turning into a present-day reality, but suppliers and customers in perhaps the most complex and diverse modern industrial sectors are still learning lessons from the

Computers - corporate level mainframes, computer-aided design (Cad) in the drawing office, production control systems, manufacturing resource planning systems and much more besides. - have changed the face of manufacturing over the past 20 years. Often, however, they have simply added to manufacturing's

Customers on both sides of the Atlantic have bought too much equipment, believing that computer-integrated manufacturing was simply a case of giving everyone a computer screen, bought oversophisticated equipment, failed to understand the cultural implications of a computer investment or simply bought the wrong system for their needs.

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Suppliers bear much of the blame. Dr Matthew Barekst, manager of the advanced manufacturing and logistics unit at Stoy Hayward Consulting, recalls a case where the supplier of software to control a batch manufacturing system tried to convince a process manufacturer, for which the system would have been totally unsuitable, to purchase

to understand the need to develop a business strategy and then find the right computer system, rather than the other way round, says Mr John Crampton, a director of Ingersoll Engineers.

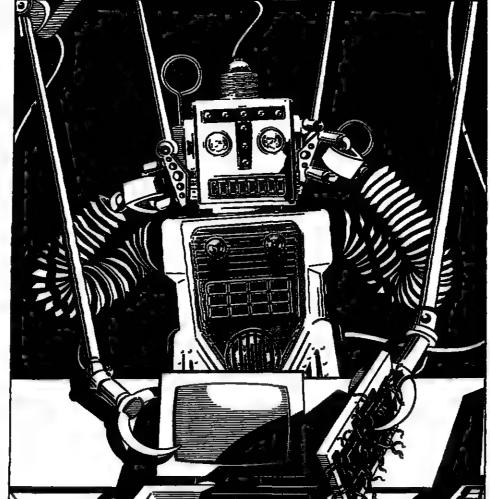
The change in attitude coincides with some important technology developments - in software at least - over the past two or three years, with more to come, that hold the key to achieving what Frost & group, recently called "a factory in which there is computer-based, seamless integration of people functions, information technology, and manufac-turing processes to achieve business objectives defined by management goals".

That is achievable now. although too many manufacturers are held back by their past mistakes, and by, for example, computer-aided engi-neering software that cannot communicate with a business mainframe On Monday however, the start of the three-day Computers in Manufacturing show at Birmingham's National Exhibition Centre will show how many of the old problems can be avoided.

Experts on the use of com puters in manufacturing point to a number of significant developments over the past two to three years. The introduction of so-called fourth generation computer languages has done a great deal, says Dr Barekat, to increase computers' flexibility, and offered a real opportunity to write a new breed of software for industry. The trend towards open

systems - non-exclusive, nonproprietary standards for computer and communication environments - also offers immense opportunities for manufacturers to create effec-tive interfaces between different elements of their computer systems. "Vendors who remain proprietorial will go to the wall - and a good thing too," says

If applied correctly, such developments ought to go a iong way to address what is now seen almost universally as the key challenge for major western world manufacturers in the 1990s - reducing "time-



Western companies have tra-

ditionally found the "people

issues" surrounding manufac-

turing technology hard to han-

dle - the "failure" of MRPII

(manufacturing resources plan-

ning), one of the vogue com-

puterised systems of the 1970s

for providing company-wide

production information, is

widely attributed to a lack of training, or of involvement of

to-market" or product development times. The concept of "concurrent engineering" where all sections of a company, and often its suppliers, work in teams to develop new products, rather than taking on each task in sequence, is rapidly gaining acceptance.

Achieving it is partly a culfacturers have called the tune on product development times without heavy reliance on technology. The use of three-dimensional Cad, seen in

users in the initial purchasing the west as a prerequisite for successful concurrent engineering, is surprisingly rare in

Hence the relatively high priority given to technology solutions. Some of the major technology contributions to reducing time-to-market are happening within discrete parts of the process. The use of parametrics, an "Intelligent" system which automatically adjusts a Cad design for the change of one or more dimensions, is "taking off" says Mr Crampton, citing a manufacturing company which was

able to output a design that previously took three months

in three to four minutes. Increasingly, however, manufacturers are realising the need for accurate, shared information to be available to all departments which participate in the concurrent engineering process - and external suppliers. This puts an added premium on company-wide engineering databases and data interchange, the success of which will depend crucially on

Mr Keith Nichols, director of EDS Scicon's manufacturing consultancy, says the bulk of product databases are supporting small teams, but reports considerable progress in the towards what he calls the "million file challenge," an indication that the product database is broad enough for information to be truly shared.

Another problem area, he says, is in technology links with suppliers. As big manufacturers increasingly push design work out to subcontractors, the need for accurate, updated information grows. "If you freeze a supply chain now. you would find that 50 per cent of the data is out-of-date, he

This points up the need for electronic data interchange (EDI) links between manufacturers and subcontractors, especially when large numbers of companies are involved. AT&T Istel, for example, is working on a pilot programme with Rover which will eventually link the UK car producer with 200 suppliers via an electronic "mailbox".

The recession may have turned manufacturers into more discerning customers for computer systems, but has almost certainly increased their resolve to address the big manufacturing issues in order

to survive. The use and importance of computers also changes significantly during a recession, according to Ms Anthea Ballam of the consultants Ballam Malaguti International. The information provided by comvaluable than in boom times when the finer points of the

tend to be overlooked, she says. Meanwhile, cuts in management layers have obliged managers to work across the boundaries of their sphere of operation, and acquire a more integrated picture of the whole

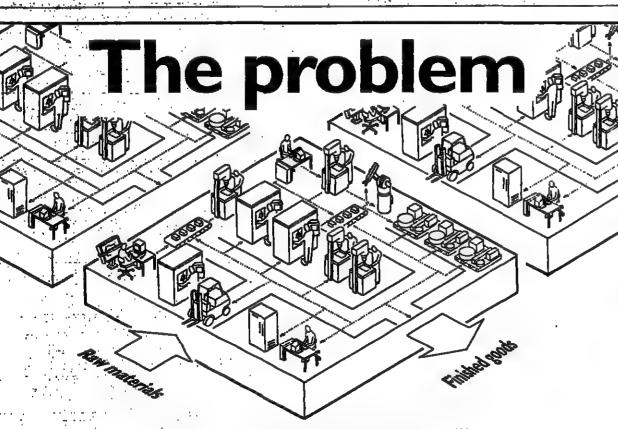
it is partly for these reasons therefore, that the inevitable downturn in spending during the recession has been significantly less than for capital equipment as a whole. A survey by Benchmark Research, to be released on Monday for the CIM show, says UK industry plans to spend £1.5bn on computer-based manufacturing applications in the next 12 months, down just 4 per cent on the previous year,

The survey, encouragingly, shows that open systems are per cent of manufacturing sites that have computers using open systems against 15 per cent in 1991. And 84 per cent of the 1,300 sites surveyed said the need to integrate systems was a major reason for invest-

Suppliers will be trying to address their needs in the 1990s with products that currently remain on the drawingboard. One emerging area, says AT&T istel, is ERP or enterprise resource planning - a phrase coined by the Gartner Group, the US consultancy which will use technologies such as artificial intelligence and relational databases to create a complete "data model" for all aspects of multi-company enterprises, including Europe's big manufacturers.

At the shopfloor level, Dr Barekat has advocated the concept of "distributed MRP," small-scale MRPII systems at manufacturing cell level, linked by a plant-wide network of PCs or workstations but giving each cell responsibility for its own scheduling. The "passive" IT users, meanwhile accounts, sales and administrative departments - keep a conventional centralised MRPII system.

One can be fairly confident that yet more acronyms will be coined over the next few years to replace those that have fallen out of favour.



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## New name for an old idea

THE FURTHER one looks into the future, space giants also see time as a competitive the more wayward the predictions. As a result, UK, European and US manufacturing companies, with over-long development times, are delivering products that no longer meet customers' expectations

Yet, according to Computervision's 1992 manufacturing attitudes survey (carried out by Benchmark Research) cutting the time it takes to develop products was a key business issue for only 63 per cent of companies, with quality and reduced costs occupying the top positions. What has yet to be fully realised is that long develop-ment times, increased costs and poor quality go hand in hand.

Dr Nick Barter, chief engineer at Jaguar, explains the situation: "It takes European cor companies six years to develop a car, while the Japanese take two years and produce more variants." The Japanese can react far quicker to customer demands and keen costs down by using new technologies and the latest production techniques. "Another advantage", says Mr Stephen Nugent of Computervision, "is that if you have only two years rather than six between models, it does not matter if you get landed with a dud."

Short product cycles also need improved quality. With a product development cycle of two years, the Japanese cannot afford the European and US luxury of 11 months to return to normal after a car launch. In short. Japan is in the driving seat on cost. quality and development time.

All businesses, not just automotive com panies, face time pressures. For Rolls-Royce to stay competitive it had to cut engine development time from eight years to match Boeing's four-year airframe development. Lesser league players than the international automotive and aero-

nanaging director of probe manufacturer Renishaw, explains: "We were seeing products cost twice what they should to develop and we still did not get it right. If we can develop products quicker there is less of a problem if we get it wrong."

The obvious solution is to cut the time it takes to design new products. The question is: How?

In the past two years simultaneous (some call it concurrent) engineering has entered the industrialists' lexicon. It is a new name for an old idea. For many years companies have been using multi-disciplinary design and manufacturing teams to develop products that, in theory, meet customer and production requirements. The difference today is the influence of

the computer. While there is little doubt that the principles of simultaneous engineering can be achieved without computers, judicious use of technology is needed to reap all the potential benefits.

A premise of simultaneous engineering is that putting more effort into the concept phase of a design will reduce the number of problems experienced later when expensive tooling, components and equipment have been ordered. The assumption is that these potential design, manufacturing and material problems can be identified early on. "For many companies that is still an act of faith," claims Mr Peter Penhallow, consultant at AT&T Istel. The risk is that the concept design phase will be lengthened without any reduction of manufacturing problems, cost or time to market.
Like all techniques, total quality, just-in-

time and so on, badly implemented simultaneous engineering will fail. And information on how to implement it is scarce. There are plenty of academic papers on

company organisation and the team approach, but most of the practical savings will come from modifying the

design to manufacturing process to make it more efficient and responsive to change. Today, any simultaneous engineering solution involves computers. Unfortunately, if users and vendors are honest. the impact of an isolated technologies such as computer-aided design and manufacturing (Cadcam) on overall development time, product cost or total quality has been negligible. The reasons are more to do with the way these systems are used rather than the technology. A Cad system restricted to a design department will contribute little to simultaneous engineering.

However, computers have the potential to link the different functions - design with manufacturing, purchasing with engineering and so on - needed to make simultaneous engineering work. Neither organisational change or technology alone can solve the time problem. Both must operate in harmony.

Take the example of Renishaw. It oper ates collocated, multi-disciplinary development teams, but the actual time and cost savings achieved come from the efficient use of technology.

Renishaw's main problems occurred when products moved from being specially produced in the model shop to mass production. The solution was to eliminate the time and cost associated with prototype model building and go direct from design to manufactured part. By using a modified version of McDonnell Douglas' (now EDS) CAD system, Renishaw captures all the design and manufacturing expertise of the development teams into a CAD solid model of the part. This information is then used to program the production machines. The writer edits Manufacturing Systems magazine

JUST-IN-TIME STOCK CONTROL

## Choice not so simple

JUST-IN-TIME is Japanese, and its greatest attribute is its simplicity. Computer-integrated manufacturing is American in origin, and its curse is its complexity. And, as we all know who has been winning at manufacturing, let's dump the computers and go for just-in-time, right? If only the choice facing manufacturers were so simple, writes Colin McIlwain.

The just-in-time (JIT) philosophy has gained widespread credence in Europe over the past five years. But its emulation has often involved the intensive use of computers - in stark contrast with its original form in Japan, where JIT normally comprised an entirely manual set of techniques for optimising factory efficiency. Only now are some leading Japanese manufacturers resorting to intensive computerisation to manage the flow of

Mr Ernie Stene is an industry specialist at IBM's manufacturing centre at Warwick. Not surprisingly, he takes issue with the view that Japanese manufacturers

engineering to sales and finance.

have benefited from their cautious approach to computerisation.

The traditional Japanese JIT approach, based on so-called Kanban squares painted on the factory floor, has its limitations, Mr Stene says. "The principle was wonderful, but the implementation of simple Kanban neglected the need for engineering change. So we put in electronic Kanban, which was still based on an MRP schedule." MRP is the linchpin of most computerised production control systems used in Europe and North America.

"There's been a lot of mouth-music in this country about JIT, but not so much of it actually being applied," he adds.

This impression of more words than action is reinforced by Dr Dominic McKay, managing director of Fort Glasgow-based electronics fabricator Kinloch Electronics. My feeling is there is good deal more talk than there is implementation," he says.

Kinloch uses MRP to schedule work in its own factory, and electronic data interchange (EDI) to exchange information

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management system from the manufacturing experts-ASK® Computer Systems.

with its bigger customers. This would not be the case at a similar plant in Japan. "Many of them produce only one product." Dr McKay says. "We have 500 different

assemblies active at any one time." As managing director of the Rover divi-sion of Redditch-based software house AT&T Istel, Mr Cliff Shuker is responsible for implementing computer-based solutions to manufacturing problems at the car group, which has embraced JIT, especially in its relations with suppliers.

"Just-in-time in the west requires greater use of computer technology, cause manufacturing is less predictable," says Mr Shuker. "In Japan, you don't see much evidence of computerisation or barcoding on the shop floor: if you ask them why they are building some-

thing, they'll say: "That's the plan'." The location of suppliers is an issue too. according to Mr Shuker. "In Japan, they tend to be clustered around the car plant. In the UK, just-in-time deliveries may come via a warehouse close to the point of consumption. So the supply pipeline is

more complex." In the motor industry, not only are parts are often automatically paid for without recourse to invoicing. "Rigorous, computer-controlled just-in-time brings with it the confidence to self-bill," says Mr Shuker.

Alan Cane on production changes to meet new market conditions

## Computer begets computer

COMPUTER MAKERS are taking their changed markedly as proprietary designs own medicine and finding it efficacious. They are using their own products at every stage of the computer manufacturing process. Indeed, without the flexibility of modern computer databases, coupled to powerful minicomputers and workstations, the problems of coping with today's chaotic market conditions could

The computer market has changed greatly in the past few years. Demand for nainframes, the workhorse of the traditional data processing business, has flat-tened off with serious consequences for large computer makers who derive most

of their profits from mainframe systems. At the same time, the market for smaller systems - personal computers, workstations and network computers or servers - has grown enormously. Prices have plummeted because of fierce competition and lower component costs.

In such unsettled conditions, manufacturing efficiency and flexibility are paramount. Product cycle times are reducing sharply. According to Mr John McClel land, director of manufacturing and development for International Business Machines' UK subsidiary, a product that typically took two years from initial design to launch now takes less than a year to develop.

At ICL, Mr Ian Hunt, product introduction manager, says that a new variation on a basic personal computer model can be introduced in less than three months.

Computer-aided design and manufacturing technology provide the lubricant for the most modern techniques: concurrent engineering where designers, engineers and marketing specialists work as a group on a new product. Just-in-time parts delivery is made possible by on-line, stomated warehouses.

lett-Packard has designed computer termi-nals that were easy to build and cut labour and overheads at one plant by twothirds and raw materials by half. Computer manufacturing itself has

Design for manufacture is critical. Hew-

have begun to give way to open systems built from off-the-shelf components, NCR, for example, now the computer manufacturing arm of AT&T, builds its entire product line, from notebook computers to mainframe systems, using standard intel

At one time, computer cabinets could be pened to display a spaghetti-like mass of wiring (minicomputer companies have flourished in former textile towns where experience with tangled threads translated swiftly into skills with tangled wires). No longer, however, integration of components onto printed circuit boards many layers thick has often done away with the need manually to connect compo-

Computer manufacturers are becoming chiefly assemblers.

They design the chips in the machines but the physical parts are made in silicon foundries

Computer manufacturers, indeed, are becoming chiefly assemblers. They may design the chips in their machines but the physical parts are made in silicon founds - semiconductor manufacturers who will make chips in volume to order.

ICL, for example, designs the process used in its top of the line Series 39 large mainframes, but the silicon chips are made by Fujitsu, whose semiconductor

technology is second to none. Computer makers still design their own printed circuit boards, but may neither manufacture them nor insert the electronic components. Tandem, for example, a leading manufacturer of fault-tolerant computers, sold off its board factory last year. It no longer makes economic sense to make components which can be produced more efficiently by a specialist

The labour content of a small computer
- a personal computer or workstation -

overall manufacturing cost.

Assembling machines as complex as computers - whether mainframe or micro - makes powerful demands on manufacturing logistics, however.

For large manufacturers IBM and ICL, the key is integrated engineering software which drives the manufacturing process. At the heart of IBM's manufacturing process, for example, is a software system called Catia (Computer Graphics Aided Three Dimensional Interactive Application), a suite of programs for design, analysis and manufacturing. It includes software for three-dimensional surface and solid modelling, drafting and numerical control programming in its extensive list of applications. Developed by Dassault of France, Catia is not only used by IBM but also marketed by the US company.

IBM commonly manufactures each

product in at least three sites worldwide. The sites compete with each other to set cost and quality standards. The key to co-ordination is the integration of the engineering database. Paper has, to a large extent, been eliminated. Engineering releases – complete descriptions of parts – flow electronically from the data base to the manufacturing sites.

Parts have unique identifying numbers worldwide and are recognised as they pass along the assembly process by bar codes. The supplier side of the manufac-turing process is equally automated. Customer orders arrive electronically. Invoices and bills are despatched by electronic document interchange (EDI).

ICL, for example, orders silicon chips from Texas Instruments of the US and Fujitsu of Japan through EDI messages and receives acknowledgements in a similar feshion.

The company builds only to order; nothing is made for stock which means the order book has to be forecast some 18 months into the future. In the present siness climate, the order book changes delly but ICL's MRP (Materials Resource Planning) software takes the strain.

#### DECLINE OF THE MAINFRAME

## 'Server' may still have role

REPORTS of the death of the mainframe computer may be greatly exaggerated ~ but even at IBM, where a \$60bn global empire has been built primarily by selling and supporting these centralised computer systems, the decline in the stature of the

beast is readily acknowledged.
"The mainframe business isn't growing as it used to," Mr Andrew Wightman, head of IBM industrial marketing in the UK, concedes. "And that's even more true in manufacturing than it is elsewhere."

The diminishing role of the mainframe the industry since the minicomputer offered an alternative 25 years ago. But the decline in its stock has accelerated sharply of late with the arrival of powerful computer workstations running on the "open" Unix operating system, and the bold assertion, by Sun Microsystems and others, that almost any size of computing requirement can now be met by a distrib-uted network of workstations and servers. According to Mr Wightman, the slow-

down in mainframe demand from UK manufacturing industry has been hastened by special factors - most notably, the tendency of larger companies to devolve decision-making to their operating units. Information technology is normally decentralised, too - and so the importance of

the central corporate computer declines. Mr Wightman is aware that anything he says in support of the mainframe may cast him in the role of King Canute, refusing to bow to the inevitable tide of distributed and "open" systems. "We are not trying to defend mainframes," he says cautiously. "But in our view, the pendulum has swung too far." He predicts a continued role for the mainframe as a powerful server", supporting networks of smaller

His argument is that, despite the technical performance and the cheapness of fully distributed computer systems, most organisations will need to retain central control over data, and, even more problematically, over the development and maintenance of software. So when old hands in the computer industry hear, as they have recently, that the Post Office or the Royal Air Force is committing its vast computer requirements to run on distributed, Unix-based systems at a future date, they say: "We'll believe it when we see it."

Few manufacturing companies, in any case, are in a position to jettison their mainframe computers, even if they wanted to. "I think the mainframe computer still has a life of perhaps 10 years," says Mr Cliff Shuker, managing director of the Rover division of software house AT&T

"But its role will change. It will become a server, holding corporate data. And since its architecture is wrong for that role, we'll see a move to parallel processing

iCL's mainframe computers are being adapted to meet the demand for distributed computing

machines," he adds. These mainframe computers will, observers believe, use new, so-called "massively parallel" hardware technology to process thousands of

Mr Shuker thinks that even as the move to distributed computing gathers pace, the mainframe will still be needed as a central server. "As the concept of the server and the distributed network evolves there will be new issues, such as how you manage software updates and security," he says. "But I don't believe you'll ever service data adequately across a large network

without a big central server. However this need for central support cannot, Mr Shuker believes, preserve the traditional keeper of the mainframe - the central data processing department. "That

will become extinct," he predicts. Mr Tony Hoare, industrial marketing manager of UK-based but Japanese-owned computer supplier ICL, claims that a smooth evolution of the mainframe computer into the new, distributed environment is feasible. "The mainframe is still the most appropriate corporate server," he says, "while Unix machines will serve as departmental servers."

ICL is also adapting its mainframe computers to try to meet the demand for distributed computing: they will offer the facilities of the latest personal computers on their terminals, for example, and run programmes written for that linchpin of open systems, the Unix operating system.

oner r

But Mr Hoars says that these developments are intended to keep existing cusing a corporate computer system from scratch. The mainframe market in manufacturing will become much narrower," he

Other observers are reluctant, though to concede that the market has any future at all. "Our view is that distributed computing is the way to go," says Mr Eric Woodcock of BAeCam, the factory controlbusiness which has developed from expertise within British Aerospace

"Manufacturing wants its computing power as close as possible to where value is added," he adds. "So distributed computing is the answer. The mainframe was never right - it was just that there was

There are reasons why manufacturing firms will hang on to their mainframe even if it is not the optimum solution they have old data, old applications and

security requirements to think about." But for Mr Woodcock, recent commitments by the US Department of Defense and the UK Ministry of Defence to rely on workstations and servers for their computer requirements in the future were the writing on the wall. "The military has now accepted that these client-server systems are secure. That's just another piece of evidence that suggests the mainframe computer has no future in manufacturing

Colin Macilwain

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## Code saves time

THE IMPORTANCE in modern manufacturing of computeraided design and computer-numerically controlled machining is crucial, but the link between the two is often ignored, writes

Essentially, turning an intricate, multi-coloured Cad design into something that a CNC machine tool understands involves creating a file which can be converted into a achine control tape written

in CNC code. The problem, however, has been generating CNC code swiftly and accurately enough without increasing programming resources excessively. with small batch production, where "one-offs" and "'wo-

terror go

W. Colorador

Committee of

offs" each require a new code. Over the past three years Newcastle-based Michell Bear-ings, part of the Vickers marine engineering division, ell is one of the world's leading producers of white metal bearings for marine and industrial applications - the white metal is a mainly tin-based metal lining that bears the brunt of the

lubrication job. cleaners, Michell has become virtually a generic term for the "pivoting pad" bearing patented by A. G. M. Michell in 1905. Michell is particularly well-known for its thrust bearings used in arduous, heavy-duty applications such as submarines or hydro-electric

Michell would still recognise the products of a company he founded in 1920, and the commitment to pushing the frontiers of technology, but the company's current manufacturing processes and culture would startle any early-20th Century engineer.

Over the past 10 years, many of Michell's old manual lathes and other machine tools have been replaced by multi-func-

tion CNC machining centres. The new machines can do the work of as many as six of their forbears, but the dramatic reductions in machining time

caused an unexpected snag With a large part of Michell's business devoted to small batches, the company found it could not generate CNC code fast enough "Three years ago we had 14 CNC machine tools, and for every one we saved four to eight operators," says Mr Stuart Clifford, director and general manager. "But it was costing us two programmers to

The solution, developed by Mr Ray High, Michell's production engineering manager, has involved creating a database of the many possible geometric/ mechanical features of a bearing, allowing a program construct on screen the equiva-lent of a photofit picture.

As the selection of the various slots, drill holes and chamfers is inputted, and adjustments included to suit the customer's requirements, two files are simultaneously created: one to create Cad drawings, the other a "sequence file" to create a CNC code in the so-called macro format

used by machine tools. The information is stored on disc, which is inserted into the machine tool's CNC unit. In theory, therefore, a customer could give design instructions to a programmer and then watch the component being

machined on the shopfloor. Michell plans to move quickly over the next year to implement the system. Some 75-80 per cent of its products are capable of being produced this way, says Mr High.

The potential benefits in time saved are important in an increasingly competitive bear-ings market. Michell's delivery times used to average 22-24 weeks - and even then it was occasionally late - but now it has to deliver in eight to 10

weeks. "And these days you are not allowed to miss, so it's essential that the new system

works," says Mr Clifford. The stakes are high. Bearing producers are picking up more work from power equipment suppliers that traditionally made their own bearings, and Micheli wants to continue its current progress, exploiting growth prospects in Japan, south-east Asia and Europe.

Its sales have risen 71 per cent over five years to £12-13m, due partly to a sharp rise in exports from 30 per cent of sales to 79 per cent over 10

Implementation of the new ocess is in its early stages but has already caused a stir. In May Michell's system was among the winners of the 1992 ECS Machinery awards for innovation sponsored by Machinery magazine and Engineering Computer Services. Even the Japanese manufac turers of the two Tsugam. machining centres fully linked

to the system visited Michell to

see the effects of turning a

machine tool into a "factory

within a factory."

The irrepressible Mr High, meanwhile, is not resting on his laurels, and is already working on even faster ver-sions of his new system.

THE FIRST impression on any visitor to the headquarters of Dunlop Cox is the dull thud of 400-ton presses reverberating through the building. However, Mr Ian Beattie hopes a quieter revolution at the car seat slide manufacturer will have a more lasting impact.

Mr Beattie, managing director of the Nottingham-based company whose customers include Rolls-Royce, Rover, Volvo and Nissan, has overseen a transformation in manufacturing practices and cultural attitudes which has covered everything from information technology to the adop-tion of Japanese methods to cut waste.

Along with many suppliers to the automotive industry, Dunlop Cox has had its ups and downs, but, when it came to replacing its former comput-erised batch processing system in 1990, there were special reasons for ensuring that the com-pany made the right decision. A difficult move from two actories into one new plant, and an underfinanced attempt to introduce just-in-time manufacturing, had turned the company into a high-risk supplier by the time BTR, the international engineering group, bought it in January 1990, says

Mr Benttie.

An investment was made by BTR for additional plant, tooling and training to allow the full potential of JIT manufacture to be realised. Further improvements followed with the introduction of cell layouts, Kanban systems and other **Profile: DUNLOP COX** 

## A quiet revolution

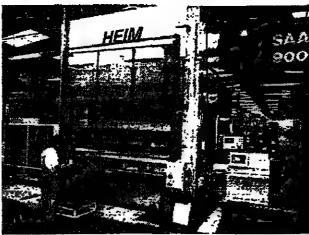
Kaizen techniques

Thus, with a very conserva tive base that requires reliable and timely deliveries - at the right quality and price - any be capable of supporting Dunlop Cox's updated and re-arranged manufacturing methods, rather than smother them.

manufacturing processes are balanced, production on an hour-by-hour basis is controlled on the shopfloor using Kanban. The computerised production control system, however, is needed to support the interface between customers, who frequently change their schedules, the production cells and the company's suppliers. It was here that the selection

of a comprehensive new computer system became a probiem, Dunlop Cox had outgrown its old ICL batch processing machine, and wanted a system that could keep up with daily production of as many as 17,000 seat mechanisms and

But very few system ven-dors, says Mr Richard Bull, production director, were able to understand the needs of real JIT manufacturing. At any time, the company has just 13-14 days of stock in the entire production process, and uses a



The new 600T Haim Press recently installed by Dunlop Cox

controls to pull parts and products through the system.

Storage of materials between the various operations such as pressing, fabrication, painting and final assembly has been virtually eliminated, and the company does not need to know, for example, how many parts are being produced by a particular press - or where an individual item has reached in the manufacturing process, as this is controlled using the

Dunlop Cox has now intro-

built McDonnell Douglas Series 19 superminicomputer, sup-porting software from Worksop-based All Business Systems and the McDonnell Douglas Information Systems

Matrix package. Matrix is an online manufacturing suite with variants available for batch, contract, repetitive and process industry needs. At Dunlop Cox, the £400,000 system is proving its worth in a number of ways; by enabling the immediate tracking of information in the

receiving bay - previously it might have taken three days for the system to register receipt of a component or roll of coiled steel; by enabling real-time "backflushing" of sales, generating supplier schedules automatically; by allowing the creation of sophis-ticated "process routings" to replace the limited instructions available under the old system. Not everything has gone

smoothly. Transferring exist-ing records to the new comouter has not been easy, says McDonnell Douglas, while Mr Bull says it took the supplier some months to work out how to get his forward calendar to match with the system's.

Dunlop Cox is currently dou bling the system's processing power but Mr John Bryant, nanufacturing engineering director, says the company already has the backbone of what it needs. The system's ability to provide instantaneous access of data from the manufacturing cells will help the company's continuous improvement process and -through links with its Computervision Cadcam system - its new product development

The company, says Mr Beat-tie, is no longer a high-risk supplier - a statement sup-ported by its exclusive contract to supply seat slides for the Nissan Primera and Micra assembly plant at Washington, Tyne & Wear. Its new computer system will help it stay in its customers' good books.

Andrew Baxter

#### Design and manufacturing

## Now 'customer power' rules

THIS INDUSTRY has suffered experimenting with systems because it has been more inter- from the main specialist supexted in providing the flashiest system than in looking after its customers," concedes the marketing director of one top computer-aided design and manufacturing (Cadcam) supplier,

writes Colin Macilwain. That is a mistake it can no longer afford. With revenues sive year, in an industry used to double-digit growth, suppliers are scrambling to keep customers happy and defend market share. "Customer power now rules," says Mr Jon Boyce, UK marketing manager of Computervision, the Massachusetts-based company which

leads the UK Cad market. Only five years ago, use of Cad for sophisticated threedimensional design of parts, was rare in practice. Now it is widespread in medium and large engineering companies.

At the Hall Green, Birmingham, plant of Lucas Aerospace, hill three-dimensional design and analysis is undertaken before production of the complex aluminium alloy castings which the plant makes for aircraft fuel systems

Mr John McCart, who manages the factory, says: "In the 1970s, systems were tested in the aircraft. In the 1980s it was 1990s it will happen on the drawing board." To take a design from concept to service, he says his military customers used to allow up to 10 years and civil customers five or six years. Now that is falling from three to two years and will be compressed still further.

Since the first use of Cad at Hall Green 10 years ago, the number of people working in the design office has fallen from 85 to 25 - with a largerthroughput. And the recent adaption of 3-D design and analysis has cut development times by 40 per cent.

But new forms of computeraided engineering now coming to the fore could have an even more dramatic impact on design practice. The most important are parametric design and knowledge-based

Broadly speaking, parametric design allows engineers to stretch and compress designs virtually at will, without hav-ing to reset dimensions individually. The technique is now offered by all major suppliers. but its use remains restricted, since designers need to adjust their ways of working to

exploit it fully. Knowledge-based engineering remains in its infancy, although a dozen or so large British engineering firms are far - looks relatively secure.

rs. ICAD and Wisdom While conventional Cad merely automates the designer's ability to draw straight lines and circles, knowledge based engineering is more ambitious. By attempting to record and replicate the thought processes which a gner habitually employs, it could open the way for a far higher level of automation in

the design process. Work by Lotus Engineering at Norwich has already shown how knowledge-based engi-neering can enable the speedy design of car chassis parts using a process, called hydroforming, which was once ruled out by metal-bashers as simply too difficult to design for.

But the more immediate obsession of many who use it ogy itself to the mundane task has shifted from the technolkeeping track on the data which it generates. Most large manufacturing firms find themselves confronting a grow ing mountain of design data. Responsibility for every design change needs to be accurately allocated to somebody.

For the big suppliers, engineering data management is becoming as important a source of income as selling new systems. The large established suppliers all now see themselves as "strategic part ners" of their customers. As Mr David Punter, marketing director of EDS Unigraphics, puts it: "The difference will be in the way the customer buys: there will be a market for commodity Cadcam, and a market

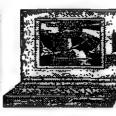
for strategic partners." n established sup pliers – EDS, IBM, Computer-vision, Intergraph, Hewlett-Packard and SDRC – hoped to secure the lion's share of this "strategic" business. But their grip is under threat from a team of Computervision defectors, who won venture capital backing to found Parametric Technology Corporation (PTC)

four years ago. PTC reckoned a parametric system designed from scratch could better exploit modern computer workstations and software development techniques. Last month, it shook the Cad world by winning a \$40m order from Caterpillar, the US construction group.

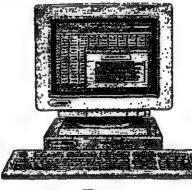
Mr Andy Campbell, PTC's UK manager, claims his company will sell around 5,000 new systems worldwide this year. However, rivals say that PTC will soon encounter the problems they face. Meanwhile, Computervision's grip on the UK Cadcam market - where PTC has made little impact so



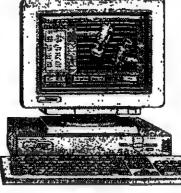
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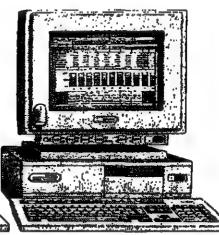
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Committee March

#### COMMODITIES AND AGRICULTURE

## Nine-month zinc squeeze fades in heavy trade

By Kenneth Gooding, Mining Correspondent

THE LONG-RUNNING squeeze that has supported zinc prices on the London Metal Exchange and prompted some consumers to complain that the market was out of touch with reality is fading fast.

However, traders and analysts are divided about whether the squeeze, which has been a feature of the market since the early days of this year, is over.

In heavy trading the LME's zinc market yesterday moved back into contango, where metal for immediate delivery is at a discount to material for delivery in three months. Zinc for immediate delivery closed at \$1,320.50 a tonne, down \$31.50, while three-month zinc was down \$14 at \$1.325.50.

Early in September threemonth zinc reached \$1,398 a tonne, its highest level for 22 months. "It would take a massive investment (by those behind the squeeze) to get the

market up there again," suggested Ms Lesley Campbell, trader at Rudolf Wolff, the metal and commodities broker. She pointed out that "a return to reality" was permeating all the LME's metal markets.

However, Mr Angus Mac-Millan, research manager at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group, said that, while there was some panic selling of zinc yesterday, the squeeze might well reappear before the year-

"Uncertainty and nervousness now prevail in the market
- which might be to some people's benefit. There could be more fun and games before the year is out," he said.

Traders suggested that a small number of zinc producers and one trader, reported to control between them about 1m tonnes of annual refined zinc output or about 15 to 20 per cent of the western world total, have been using options to squeeze the market. The LME board was forced to

intervene to calm the market in June by restricting the level of daily premiums that could be demanded, and subsequently warned that it continued to "closely monitor" zinc

Mr Graham Deller, analyst at the Metals & Minerals Research Services consultancy group, pointed out that, even though refined zinc consumption grew by 2 per cent to 3.2m tonnes in the first seven months of 1992 while production was flat at 3.1m tonnes, stocks were at a five-year peak. The market was likely to be

oversupplied by 100,000 tonnes this year following a supply surplus of 150,000 tonnes in 1991, he suggested. "There is no shortage of metal so the price should continue to fall until producers cut back."

Others remained cautious because new labour contracts have still to be negotiated at two big Canadian smelters. Cominco's Trail (315,000 tonnes a year) and Noranda's Valleyfield (230,000 tonnes).

#### signs of turning their attention to emerging oil and gas sectors such as Vietnam, Angola and Although the government argues that operating in Nor-way is predictable, and risks are identified and manageable, it admits that its energy policy

is outdated and needs to become more streamlined. Even Statoil, the Norwegian state oil company, says the next phase of its development will aim at turning the company's vision of becoming a global husiness into reality.

Torway is considering

tain the interest of foreign oil

companies which have shown

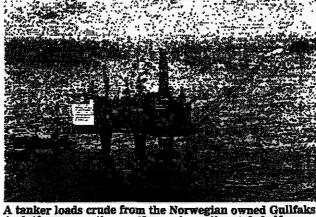
important energy pol-

icy changes to main-

Two years ago Statoil teamed up with British Petroleum (BP) to form a so-called strategic alliance covering exploration and production outside the North Sea, co-operation in gas marketing and collaboration in research and development

Since then, Statoil and BP have pursued opportunities in the CIS, Vietnam, China, Nigeria, Congo and Angola. The pair also linked up with Norsk Hydro and established a British gas company called Alliance Gas. "Our vision is that Statoil should develop into a leading international oil company. Statoil's position in Norwegian waters gives both the company and the nation a unique base for international activity," explained Mr Harald Norvik, Statoil president and

chief executive. After more than two decades Norway has become the fourth biggest exporter of oil in the word. Soon, oil production will



A platform operating on Norway's continental shelf

reach 2.5m barrels a day while gas production, now at about 26bn cubic metres (bcm) a year, will rise sharply to between 60bcm and 65bcm a year during the next decade. According to proven reserves' estimates, Norway can remain an oil producer for another 20 years while gas production at current levels can continue for a century.

But foreign oll companies have increasingly become circumspect about Norway's energy policy and were outraged when carbon taxes on emissions from oil and gas platforms were introduced two years ago. Mr Finn Kristensen, Nor-

ration costs.

"To increase effectiveness further. I am prepared to con-

IN A DRIVE to boost trading

volume, the New York com-

modities markets have

launched or won approval for

trading a spate of new con-

Many attempt to engage

more international traders or

address differences in US

regional markets. But the suc-

cess of new futures products is

anything but certain. A rough

industry standard is that only

about one in four contracts

The New York Coffee, Sugar

start a Euro-Differential Coffee

coffee market has been trading

at all-time lows, and the prod

uct - launched in April 1991

- just did not catch on. The

exchange puts the failure down

this mouth. The

By Barbara Harrison

tracts this autumn.

Norway seeks to sweeten its energy policy

Karen Fossli in Oslo on moves to counter the interest in emerging oil and gas sectors

sider evaluating other changes in the licensing terms," said Mr Kristensen. "A more flexible system - working in both directions - for state partici-pation would in my opinion be better than the present sys-Mr Kristensen has not how ever, clarified whether he is prepared to scrap or amend the

long standing sliding scale agreement, which allows the state to increase its stake in oil and gas fields once a development plan has been approved. The Norwegian state has in the past taken a 50 per cent stake in licences during the exploration phase, but this stake can rise under the

way's energy minister, has reacted to criticism by removing the so-called carried inter-est obligation under which foreign oil companies had to carry the burden of the state's explo-

ate when Norway was a young nation. "I would not be surprised if the government today's overall commercial picture." Mr Norvik said in the country's 13th licen-

carries too high a price tag in

sing round the energy ministry awarded acreage to smaller groups of oil companies, giving them bigger individual shares of licences. This was well-received by the industry which had grown dissatisfied with sharing small slices of licences with numerous companies.

Norway recently announced 50 new blocks in the 14th licensing round and oil companies have until the turn of the year to submit applications for acreage with awards being made in the second or third quarter of

r Norvik argues that

it is more important than ever that Norway remain attractive for exploration and production in a world where competition is increasing. "We must ensure that the leading international oil companies stay with us . . . I see no conflict between Norway's desire for a strong national industry and international companies having access to the Norwegian

continental shelf," he said. But in the 14th round, foreign oil companies will be expected to show a keen interest in acreage, a start in boost-ing gas reserves so that increased demand for gas from the continent can be met.

Foreign oil companies, however, have been dissatisfied with the way the state has organised gas sales. This has been done through the Gassforhandlingsutvalg (GFU) - gas negotiating committee

which is a sales team comremoved it . . . it probably prised of Norwegian companies Statoil, Saga Petroleum and Norsk Hydro.

The three companies negoti-ate gas sales contracts with potential buyers, on behalf of the owners of gas fields. For-eign oil companies have sought to be included in the gas marketing/sales strategy of GFU. but the state has always argued that Norwegian companies are better placed then foreign oil companies to serve the country's economic interests.

But Mr Kristensen says GFU was established to maintain an efficient exploitation of gas resources and that future policy should continue to be based on co-ordination. "However, I am not dogmatic about maintaining the present organisa-tional frame," he said.

Norway's gas reserves cur-rently cover about 12 per cent of west European demand, or one-third of European Community demand from non-EC gas producers. However, there seems to be no immediate danger of a mass exodus by foreign oil companies in hot pursuit of greater opportunities in emerging oil and gas nations. Statoil estimates that about

NKr205bn (\$34bn) will be invested over the next five years to cover Norwegian oil and gas development projects that have already been approved by the parliament.

The company warns, how-ever, that with oil prices at \$20 a barrel and no real belief in sharp increases - and with the current weakness of the dollar - there is little to encourage large major capital expenditures to develop new

## Demand for smelters queried

By Kenneth Gooding,

A HUGE expansion of existing copper smelting capacity planned for the next few years calls into question the need for new smelters, suggests the Metals & Minerals Research Services consultancy group.

Mr Stephen Briggs, analyst at MMRS, says the organisation has identified "well over 500,000 extra annual tonnes" of planned capacity. This compares with western world copper production of about 8.7m tonnes last year.

MMRS's comments come at a time when the spot market treatment charges for copper concentrates (an intermediate material) have been easing from a very high level caused by a temporary shortage of smelting capacity.

They also come shortly after the partners in the proposed \$480.3m ventura.

Partners in the project are Padaeng of Thailand (51 per cent); three Japanese organisa-tions - Mitsubishi Materials (13 per cent); Mitsubishi Corporation and Mitsui (7.5 per cent each) - MIM of Australia (12 per cent) and the Switzerlandbased Marc Rich trading organisation (9 per cent). They want the international banking community to provide \$833m in

ten-year loans. Traders suggest that western smelter charges for treating copper concentrates, which once ranged between 10 cents and 20 cents a lb, jumped to 35 cents earlier this year but have fallen considerably because spare capacity was found in the Commonwealth of Independent States and in Zambia.

For example, the Palabora copper mine in South Africa has been sending concentrates to Zambia and that country

show" seeking finance for the trates sent by Marc Rich from Indonesia. Rich and Euromin, a trading house with offices in Stockholm and Moscow, have been having concentrates tollamelted in the CIS where smelters in the Urals and Kazakhstan not only have excess capacity but are also eager to

> Mr Briggs of MMRS says that the upsurge in expansion of existing smelter capacity has been prompted by the need for melters to be adapted to meet ever-tightening environmental regulations. It is cost-effective to increase capacity when this is done, he points out.

MMRS also believes that the annual growth in concentrates production will be only sedate", in spite of the large increase in mine capacity expected in the next decade, because more than haif the copper will be obtained by solvent-extraction-electro winning technology which disposes

#### Cuban sugar growers face more problems

CUBA, which in 1991-92 produced its lowest sugar crop in a decade, faces an even more difficult harvest in 1992-93, according to Mr Juan Herrera, the Cuban sugar minister, Reuter reports from

The Cuban domestic news agency AIN said Mr Herrera told Cuba's official workers' trade union that "in the coming harvest there will be even greater difficulties".

Cuba produced 7m tonnes of sugar in the 1991-92 harvest, which was plagued by shortages of oil, lubricants, spare parts, herbicides, pesticides and fertilisers. Mr Herrera said a fall in the number of available sugar cane harvesting machines would mean an increase in cane cutting by NY commodity markets fight for fresh trade Last week the New York Mercantile Exchange (Nymex)

launched its new Gulf Coast unleaded gasoline contract. This is the second new big contract, after sour crude, launched by Nymex this year.

Nymex believes that the con-

licence terms to a share of

about 65 to 75 per cent during

the development phase.
Statoll's president agrees

with foreign oil companies that

the sliding scale was appropri-

tract will capture more Midwest and Southwest users who must hedge. The exchange's New York Harbor delivery contract had not proved as useful to these users, given that cash prices in the Gulf Coast area differ from those of the Nor-

Regional differences in enviand Cocoa Exchange's effort to ronmental legislation could also add some allure to the two blends will reflect regional standards.

The Nymex New York Harbor delivery contract for unleaded gas has in any case seen increased volume this year. For the period of January

to August, 4.7m contracts were traded, up from 3.6m for the same period last year. The New York Commodity

Exchange (Comex), which is

increasingly competing with

Nymex by creating similar contracts, is perhaps the most eager of the exchanges to boost trading volume. Primarily a precious metals market, Comex's futures trading volume this year, for January through August, is down to 7.7m contracts compared to 8.8m for the same period last year, according to figures from the Futures Industry Associa-

Comex will launch futures based on the Eurotop 100 Index, under an agreement with the European Options Exchange in Amsterdam, on October 26. It hopes the contract will have some interplay

with the American Stock

Exchange, which will launch

CRUDE CE. (Light) 42,000 US galls \$/barrel

cash options on the the Eurotop 100 the same day. Cutting closer into Nymex's

territory. Comex has won approval from the Commodity Futures Trading Commission to trade jet fuel futures. These are expected to begin trading during the first quarter of 1993. The jet fuel contract will be for physical delivery on the Gulf

The New York Cotton Exchange is also moving ahead with the launch of its new World Cotton futures contract on October 1. The exchange is trying to address the world cotton market, where prices can diverge from those of the US.

Its existing contract is for US cotton only. The new contract, which will be cash settled, is based on Cotlook's daily surcountries. The daily average is made up from the five cheapest

Chicago

## India aims to boost shellac exports

A PREFERÊNCE for natural resins from the international food, pharmaceutical and coa metic industries has boosted the export prospects for Indian

exports in 1991-82 rose by 63 scale deforestation, environper cent to Ra280m (\$10m), and mental pollution and shortage Mr Jayaswal believes that the of brood-lac are blamed. 1992-93 export target of Rs335m will be easily surpassed. But if India is to take advantage of the growing demand for shel-

investors would be prepared

to chase metal prices higher,

after its fail to 212-year lows

earlier this week. But traders

believed further losses were likely, and projected a move

towards \$6,600 a tonne for

three-month metal. However

it was thought that around that level the major nickel producers

would be strongly considering

lac, it must boost production. Lac is secreted on trees by the lac insect. Last year, the production fell by over 4,000 tonnes to 10,810 tonnes. Large-

The council said the governtiative in opening brood-lac farms in the lac growing states and distribute brood-lac free of charge among cultivators. The price of shellac has risen from Rs48,700 a tonne in 1991-92 to over Rs75,000 a tonne now.

0000A - London PGS

Previous High/Low

Turnover:4274 (3756) lots of 5 tonnes ICO indicator prices (US cents per pound Sep 23: Comp. daily 48.85 (49.01) 18 day 4

Close Provious High/Low 62.0 62.5 65.0 61.5

SOYAMEAL ~ London FOX

## WORLD COMMODITIES PRICES

end earlier

	Close	Previous	High/Low_	VW CHIEFFE	Kerb close	Open Interest
Aluminium	, 99.7% puri	ty (\$ per tonne)			Total daliy tu	mover 29,965 lob
Gesh a months	1264-5 1288-8.5	1264-5 1267-7.5	1257 1290/1281	1261-1.5	1290-1	182,886 lets
Copper, Q	reds A (£ per	r tonne)			Total daily tu	mover 33,848 fots
Cash 3 months	1384-5 1415-8	1404.5-5.5 1432-3	1408/1405 1437/1424	1498-8.5 1493-4	1423-4	154,990 lots
Lead (£ pe	r tonne)				Total daily b	imover 1,856 lot
Cash I months	363.5-4 365-5	353.5-4 363-4	353.5 372.5/362	365-6 365.5-6.6	362-3	27,300 tota
Mickel (\$ p	er tonne)				Total daily b	irnover 5,517 lots
Cash I monthe	6810-20 6885-00	6903-15 6680-5	5890/6860	6805-10 6875-80	6885-96	25,894 lots
Tin (3 per	tonne)				Total daily it	vinover 3.827 lets
Cesh I months	6535-45 600-5	6600-10 6650-65	6880/6680	8525-30 6675-80	6615-80	11,221 tota
Zinc, Spec	al High Grad	ie (S per tonné)			Total delly tur	mover 23,140 lots
Cash I months	1320-1 1325-6	1237-4	1343/1316	1335-5 1331.5-2,5	1329-7	62,871 lots
ME Closk	ng C/S rake: Tis	I monuse 1,8	644	6 months: 1.66	560	9 months: 1.6169

	Zinc, Speci	al High Grad	e (\$ pe	tonné		
	Cash 3 months	1320-1 1325-6	1231		1343/	131
_	LME Closin SPOT: 1.71%	ng C/S rate: Tij	i mo	nuel: 1.	DE44	
for						
Wif-		CLLION MA		shika)		•
	Gleid (troy o	<b>a</b> )				•
nne		\$ price		aquiv	alemt	
	Close	348.20-348.				
_	Opening Morning for	349.35-349. 348.90		06.450		
_	Afternoon fo			04.679		
	Day's low	349.80-349. 347.60-347.				
nne	Loco Ldn M			lates (	le USS)	
_	1 month	2.37	ii mon		2.38	
	2 manana 4 manana	2.35 2.35	III mo	TEATR.	2.44	
	Silver Ex	p/troy oz		IS cts	equiv	
	Spot	228.50	3	83,50		'
dat	3 months	231,65 235,95		86.50		
-	(2 monins	244.85		89,40 96,20		
	GOLD COM	15	_		-	
		grice		C mquin	Mikint	
	Krugerrand	348.50-35	1.50	206.00	208.00	
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me				_	uts.	
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_	2400	17	55	27	61	
_	2450	•	35	64	90	
	Cellina	Nov	Jan	Nov	Jan.	
	700	115	124	1	5	
_	750	66	64	6	15	
	800	33	52_	21	83	
	Cocca	Dec	Mar	Dec	Mar	
_	625 650	47 32	82 66	13	20	
kg	675	32 21	52	23 37	29 40	
_			-			
	Breed Credy	Nov	Dec	Nov	Dec	
	2000 2050	55 22	41	6	22 48	

_	_	icial da	ly turnover	29,965 lobs	Nov	22,00	21.78	22.05	21.72
	27-7.5				Dec	21,83	21.71	21.96	21.64
1 1	261-1.5	1290-1	182	Jes lets	معل	21.83	21.60	21.88	21.53
		Tobel diel	ly furnaver	33,846 fota	Feb	21.89	21,48	21.70	21.45
	408-6.5		,		Mer	27/10	21.32	21.46	21,52
	404	1423-4	164	.990 lots	Apr	21.45	21.18	21.44 21.30	R1.15
	-				Mary	21,56 21,18	21.05 20.68	21.30	21.07 21.02
		Total de	nià muose	1,856 lots	Jui	21.06	20.83	21.10	20.88
3	65-6				Aug	E1,00	20.74	21.08	20.79
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	875-80	6865-98	25.6	64 lots		Close	Previous	High/Lov	
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	525-30				Nov	64.50	63.35	64.90	63.20
	675-80	8615-80		21 lots	Dec Ven	65.11 65.27	64.15 64.53	65.40 65.70	64.10
		Total deli	y tumover	23,140 lots	Feb	84.32	63.58	64.55	64.55
3	335-0				MALE	01.07	51.23	82.00	63.45 61.58
1	331.5-2,5	1329-7	62,8	71 lets	Apr	59.77	MI.33	59.80	59,40
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61	months: 1.6	1660	9 mor	nths: 1.6169	Jun	57.27	56.96	67.40	57.30
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Nov	348.5	349.8	Ġ.	D	Sep	1128	1135	1121	1095
Dec	350.4	350.7	351.6	349.3	Desi	1159	1168	0	0
Feb	351.0	352.2	353.3	351.4	MIL!	1196	1205	1200	1192
Apr	353.3	353.6	354.8	353.0	May	1223	1230	9	0
Jun	354.8 356.5	355.1	204.0	USA.S	الثال	1260	1267	a a	0
Aug	358.2	356.8 358.5	0	0					
					maga.				
PLAT	INUM 50 b	roy oz. \$/tro	ay oz.		SUGA	4 MOHED	717 112,0	000 lbs: cen	ts/lbs
	Close	Previous	High/Low			Close	Previous	High/Low	
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Aze	360.2	360.7	360.5	360.5 360.0	May	8.75	K72	8.82	8.66
341	360.2	360.7	0	0 -	Jul	0.77	6.74	6.84	8.70
_					Oct	8.72	8.71	8.79	
SILY	ER 5,000 tr		L/Trov oz.						8.86
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Sen		Previous	High/Low	297.5	сотто		cents/lbs		8.56
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Det Nov Dec Jen Mer Mey Jul Sep Dec	379.9 380.3 380.8 382.5 383.8 386.3 388.9 381.3 393.8 397.9	Previous  382.8 383.0 383.5 385.2 388.5 388.9 391.4 383.8 399.3 400.4  OPPER 25,	#8gh/Low 383.5 0 0 389.5 0 399.0 392.0 392.0 395.0 0 400.0	0 0 382.0 0 385.5 389.0 392.0 0 399.0	Oct Dise Mar Mey Mil Oct ORANG	Glove 58.19 54.85 55.71 58.40 56.85 57.75 RE JUICE Close	Previous 96.78 57.56 57.96 57.95 58.95 58.07 59.75	High/Low 59.50 56.90 56.65 57.36 57.36 57.80 0 cents/ibs	58.01 54.00 55.55 68.20 57.00 0
Det Nov Dec Jen Mer Mey Jul Sep Dec HIGH	379.9 380.3 380.8 382.5 383.8 386.3 388.9 381.3 393.8 397.9 GRADE C	Previous 382.8 383.0 383.5 386.2 386.5 386.9 391.4 393.8 390.3 400.4 OPPER 25, Previous	#8gh/Low 383.5 0 0 386.5 0 382.0 392.0 395.0 0 400.0 100 //se; cer High/Low	0 0 382.0 0 385.6 389.0 392.0 0 599.0	Oct Disc Mar May Jul Oct ORANG	Glove 58.19 54.85 55.71 58.40 56.85 57.75 EE JUICE Close 113.25	Previous 96.78 57.56 57.96 58.95 58.95 58.97 99.75 16,000 (ba; Provious 114.16 114.30	High/Low 59.50 56.90 56.65 57.36 57.36 57.36 0 cents/ibs High/Low 113.90 113.90	58.01 54.00 55.55 66.20 57.00 0
Det Nov Dac Jan Mar May Jul Sep Dac HIGH	379.9 380.3 380.8 382.5 383.8 385.3 388.9 381.3 393.8 367.9 I GRADE C	Previous 382.8 383.0 383.5 386.2 386.2 386.9 391.4 389.8 399.8 399.8 100.4 100.4 100.10 106.30	High/Low 383.5 0 386.5 0 399.0 399.0 399.0 400.0 100 lbs; cer 106.15 108.25	0 0 382.0 0 385.6 389.0 399.0 0 399.0	Oct Disse Mar May Jul Oct ORANG	58.19 54.85 55.71 58.40 56.85 57.75 E JUICE Close 113.25 113.16	Previous \$6.78 \$7.56 \$7.96 \$5.95 \$8.07 \$9.75 15,000 lbs; Provious	High/Low 59.50 56.90 56.65 57.36 57.36 57.80 0 cents/ibs	58.01 55.85 56.20 57.00 0
Det Nov Dec Jen Mer Mey Jul Sep Dec HIGH	379.9 380.3 380.5 382.5 383.8 385.3 385.3 387.9 1 GRADE C Close 105.80 105.95	Previous  \$82.8  \$83.0  \$85.2  \$86.2  \$86.5  \$86.9  \$871.4  \$80.8  \$80.3  \$400.4  OPPER 25,  Previous  100.10  106.30	High/Low 383.5 0 0 386.5 0 390.0 392.0 395.0 0 000 lbs; cer High/Low 106.15 106.25	0 0 382.0 0 385.5 389.0 392.0 0 398.0 105.50 105.50	Oct Disc Mar Mar May Jul Oct ORANG	58.19 54.85 55.71 56.85 57.75 E JUICE Close 113.25 113.85	Previous 56.78 57.56 57.96 58.95 59.07 59.75 15,000 (ba; Provious 114.16 114.40	MigN/Low 59.50 56.65 57.26 57.20 comts/iba Hign/Low 113.80 114.20	58.01 54.80 55.55 56.20 57.00 0
Det Nov Dac Jan Mar May Jul Sep Dec High	379.9 380.3 380.8 382.5 383.8 385.3 388.9 381.3 393.8 367.9 I GRADE C	Previous 382.8 383.0 383.5 385.2 386.5 386.9 381.4 383.8 389.3 400.4 OPPER 25, Previous 100.10 106.30 105.00 107.05	High/Low 383.5 0 0 386.6 0 392.0 392.0 393.0 0 400.0 106.15 106.25 106.25	0 0 382.0 0 385.5 389.0 392.0 0 399.0 105.50 105.50 105.80	Oct Disc Mar May Jul Oct ORANG Nov Jan May Jul	Ciose 58.19 54.85 55.71 56.45 56.85 57.75 72 JUICE Ciose 113.25 113.25 114.85	Previous 96.78 57.55 57.96 58.95 58.07 59.75 15,000 (bs: Provious 114.15 114.30 115.30	#IIgN/Low 59.50 55.90 56.65 57.36 57.36 57.20 0 cents/ibs Hign/Low 113.90 114.25	58.01 54.00 55.55 57.00 0 112.50 113.00 113.30
Det Nov Dec Jen Mar May Jul Sep Dec HIGH	379-9 380-3 380-3 382-5 383-3 385-3 385-3 395-8 1 GRADE C Close 105-95 106-45 106-45 106-85	Previous 382.8 383.0 383.5 386.2 386.9 387.8 389.3 400.4 OPPER 25, Previous 100.00 100.60 107.15	##gh/Low 383.5 0 0 380.5 0 392.0 392.0 392.0 395.0 0 400.0 106.15 106.25 106.70 107.70	0 0 382.0 0 385.5 389.0 392.0 0 399.0 105.50 105.50 105.60 106.40 0	Oct Dise Mar May May Oct ORANG	58.19 54.85 55.71 56.40 56.85 57.75 E JUICE Close 113.25 113.16 113.85 114.18	Previous 96.78 57.56 57.95 58.95 58.97 59.75 16,000 fbs: Provious 114.16 114.20 114.40 115.30 114.80	MigNLow 59.50 56.65 57.26 57.26 57.26 113.90 113.90 114.15	58.01 54.80 55.55 56.20 57.00 0 112.50 113.80 113.80
Det Nov Dec Jen Mar May Jul Sep Dec High Oct Nov Dec	379.9 380.3 380.3 382.5 383.8 389.3 389.3 389.3 389.3 387.8 GRADE C Close 105.80 105.95 106.80	Previous 382.8 383.0 383.5 385.2 386.5 386.9 381.4 383.8 389.3 400.4 OPPER 25, Previous 100.10 106.30 105.00 107.05	High/Low 383.5 0 0 386.6 0 392.0 392.0 393.0 0 400.0 106.15 106.25 106.25	0 0 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Oct Daw Mary May July Oct ORANG Nov Jan May July Sop	58.19 54.85 55.40 56.85 57.75 22 JUICE 113.25 114.86 114.15 114.15	Previous 96.78 57.56 57.96 57.95 58.97 99.75 16,000 lbs; Provious 114.16 114.40 114.80 114.80 114.80	High/Low 59.50 55.90 57.80 57.80 57.80 6ents/lbs High/Low 113.90 114.95 114.16 114.16	58.01 54.00 55.55 57.00 0 112.50 113.00 113.30
Det Nov Dec Jan Mar May Jai Sep Dec High Nov Dec High Sep	379.9 380.3 380.3 380.3 380.3 385.9 385.9 387.9 1 GRADE C Close 105.85 106.46 105.95 106.85 107.05 106.85	Previous  382.8 383.5 383.5 383.5 386.5 386.8 389.3 400.4  Previous  106.30 107.05 107.15 107.25	##gh/Low 383.5 0 0 386.5 0 389.0 389.0 389.0 389.0 0 400.0 106.15 108.25 109.70 107.15 0	0 382.0 0 385.5 389.0 392.0 0 399.0 105.50 105.50 106.40 0 0 100.00	Oct Dise Mar Mar Mar Oct ORANG Nov Jan Mar Mar May July July July July July July July Jul	58.19 54.85 55.40 56.85 57.75 22 JUICE 113.25 114.86 114.15 114.15	Previous 98.78 57.56 58.95 59.07 59.75 16.000 lbs; Provious 114.15 114.40 115.30 114.80 114.80	High/Low 59.50 55.90 57.80 57.80 57.80 6ents/lbs High/Low 113.90 114.95 114.16 114.16	58.01 54.80 55.55 56.20 57.00 0 112.50 113.80 113.80
Sep Dec High	379.8 380.3 380.3 382.5 383.8 385.3 385.3 387.9 1 GRADE C Cious 105.80 105.95 106.45 106.25 107.05 106.25 107.05	Previous 382.8 383.0 383.5 386.5 386.5 386.9 387.4 400.4 400.4 000.0 100.00 100	##gh/Low 383.5 0 0 386.5 0 290.0 392.0 0 393.0 0 0 106.15 106.15 107.70 107.15 0	0 0 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Oct Disc Mar May Jul Oct ORANG May Jul Mar May Jul Nov Jul Intil May Nov Juli Intil May	58.19 54.85 55.71 58.40 56.85 57.75 113.25 113.16 114.18 114.18 114.15 114.15	Previous 98.78 57.56 58.95 59.07 59.75 16.000 lbs; Provious 114.15 114.40 115.30 114.80 114.80	High/Low 59.50 55.90 57.80 57.80 57.80 6ents/lbs High/Low 113.90 114.95 114.16 114.16	58.01 54.80 55.55 56.20 57.00 0 112.50 113.80 113.80
Det Nov Dan Mar May Jul Sep Doc High Nov Dec Jen Apr	379.9 380.3 380.3 380.3 380.3 385.9 385.9 387.9 1 GRADE C Close 105.85 106.46 105.95 106.85 107.05 106.85	Previous 382.8 383.0 383.5 386.5 386.5 386.9 383.8 386.3 400.4 OPPER 25, Previous 106.30 105.00 107.05 107.25 107.20 107.20 107.20 107.10	##gh/Low 383.5 0 0 386.5 0 382.0 382.0 382.0 382.0 000 /bs; cer 106.15 108.25 100.70 107.15 0 0	0 0 382_0 0 0 385_6 389_0 392_0 0 989_0 0 105_50 105_50 105_40 0 0 106_40 0 0 106_60 0	Oct Dise Mar Mar Mar Oct ORANG Nov Jan Mar Mar May July July July July July July July Jul	58.19 54.85 55.71 58.40 56.85 57.75 113.25 113.16 114.18 114.18 114.15 114.15	Previous 98.78 57.56 58.95 59.07 59.75 16.000 lbs; Provious 114.15 114.40 115.30 114.80 114.80	High/Low 59.50 55.90 57.80 57.80 57.80 6ents/lbs High/Low 113.90 114.95 114.16 114.16	58.01 54.80 55.55 56.20 57.00 0 112.50 113.80 113.80
Sep Oct Mov Dec Jan High	379.9 380.3 380.3 380.3 380.3 385.9 385.9 387.9 1 GRADE C Close 105.85 106.45 106.85 106.85 106.85 106.85 106.85	Previous 382.8 383.5 383.5 386.5 386.9 383.8 386.3 380.3 400.4 OPPER 25, Previous 100.10 106.30 107.05 107.25 107.25 107.25 107.25 108.85	##gh/Low 383.5 0 0 386.5 0 382.0 382.0 385.0 0 400.0 000 ibs; cer 106.15 108.25 108.25 0 0 107.15 0 0 106.85	0 0 382.0 0 0 385.5 389.0 392.0 0 0 396.0 105.50 105.50 105.40 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 0 106.40 0 0 0 0 0 106.40 0 0 0 0 0 106.40 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Oct Dise Mer Mer Mey Jul Oct ORANG Nov Jen May Jul Sop Nov Jul	50.19 54.85 55.71 58.40 56.85 57.75 25.775 26.85 113.25 113.25 114.15 114.15 114.15 114.15	Previous 56.78 57.56 57.96 58.95 58.95 58.97 59.75 114.16 114.40 114.40 114.80 114.80 114.80 114.80	MigNLow 59.50 56.63 57.36 57.36 0 0 0 0 0 0 113.90 114.15 0 0	58.01 54.80 55.55 56.20 57.00 0 112.50 113.80 113.80 110.34 0
Sep Oct Mov Dec Jan High	379.9 380.3 380.3 380.3 380.3 385.9 385.9 387.9 1 GRADE C Close 105.85 106.45 106.85 106.85 106.85 106.85 106.85	Previous 382.8 383.0 383.5 386.5 386.5 386.9 387.4 400.4 400.4 000.0 100.00 100	##gh/Low 383.5 0 0 386.5 0 382.0 382.0 385.0 0 400.0 000 ibs; cer 106.15 108.25 108.25 0 0 107.15 0 0 106.85	0 0 382.0 0 0 385.5 389.0 392.0 0 0 396.0 105.50 105.50 105.40 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 0 106.40 0 0 0 0 0 106.40 0 0 0 0 0 106.40 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Oct Dise Mer Mer Mey Jul Oct ORANG Nov Jen May Jul Sop Nov Jul	50.19 54.85 55.71 58.40 55.75 57.75 78.40 55.775 79.40 113.25 114.15 114.15 114.15 114.15 114.15 114.15	Previous 56.78 57.56 58.95 58.95 59.97 59.75 16,000 (bs; Provious 114.15 114.40 114.80 114.80 114.80 114.80 114.80 114.80	MigNLow 59.50 56.63 57.36 57.36 0 0 cents/ibs Hign/Low 113.90 114.16 0 0	58.01 54.80 55.55 56.20 57.00 0 112.50 113.80 113.80 110.34 0 0
Sep Oct Mov Dec Jan High	379.9 380.3 380.3 382.5 383.3 385.3 385.3 387.9 387.9 1 GRADE C Close 105.80 105.95 106.85 107.05 106.85 106.85 106.80	Previous 382.8 383.0 383.5 386.5 386.9 383.8 380.3 380.3 400.4 OPPER 25, Previous 100.10 106.30 106.30 107.15 107.25 107.25 107.25 107.25 108.85 500lbs; cer	##gh/Low 383.5 0 0 389.5 0 290.0 389.0 389.0 0 400.0 106.15 108.25 108.25 108.70 107.15 0 0 104.00 0 105.05	0 0 382.0 0 0 385.5 389.0 392.0 0 0 396.0 105.50 105.50 105.40 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 0 106.40 0 0 0 0 0 106.40 0 0 0 0 0 106.40 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Oct Dise Mer Mer Mey Jul Oct ORANG Nov Jen May Jul Sop Nov Jul	58.19 54.85 54.85 55.71 58.40 56.85 57.75 67.76	Previous 56.78 57.56 58.95 59.97 59.75 99.75 16,000 (bs; Provious 114.16 114.40 114.80 114.80 114.80 114.80 114.80 114.80 114.80 85.95 86	MigNLow 59.50 58.63 57.35 57.36 0 0 0 0 113.90 114.15 0 0 0	58.01 54.80 55.55 56.20 57.00 0 112.50 113.80 113.80 110.34 0 0
Get Nov Jen Mar May Juli Sep Dec Oct Mov Dec Jen Mov Dec Jen Mar Apr Mary COFF	379.9 380.3 380.3 380.3 380.3 385.9 385.9 387.9 1 GRADE C Close 105.85 106.45 106.85 107.05 106.85 107.05 108.80	Previous  382.8  383.5  383.5  386.5  386.9  383.8  380.3  400.4  OPPER 25,  Previous  100.10  107.05  107.15  107.20  107.20  107.25  108.85  5001bs; cer	##gh/Low 383.5 0 0 389.5 0 389.0 389.0 389.0 389.0 0 400.0 000 lbs; cer High/Low 106.15 108.25 109.70 107.15 0 0 107.40 0 106.65	0 382.0 0 0 385.5 389.0 392.0 0 399.0 105.50 105.50 105.40 0 0 106.40 0 0 106.65 0	Oct Dise Mer Mer Mey Jul Oct ORANG Nov Jen May Jul Sop Nov Jul	50.19 54.85 55.71 58.40 55.75 57.75 78.40 55.775 79.40 113.25 114.15 114.15 114.15 114.15 114.15 114.15	Previous 56.78 57.56 58.95 58.95 59.97 59.75 16,000 (bs; Provious 114.15 114.40 114.80 114.80 114.80 114.80 114.80 114.80	MigNLow 59.50 56.63 57.36 57.36 0 0 cents/ibs Hign/Low 113.90 114.16 0 0	58.01 54.80 55.55 56.20 57.00 0 112.50 113.80 113.80 110.34 0 0
Sep Dec Jan Mar Jai Sep Dec Jan High Sep Dec Jan High Sep Dec Jan Sep Dec Jan Sep Dec Jan Sep	379.8 380.3 380.3 380.3 381.3 385.3 385.3 387.9 1 GPADE C Ciose 105.80 105.95 106.85 107.05 106.85 107.05 106.85 107.05 108.80	Previous 382.8 383.0 383.5 386.5 386.9 389.3 389.8 389.8 389.8 399.8 100.80 100.80 100.80 107.05 107.15 107.25 107.25 107.85 108.85 500lbs; cer	##gh/Low 383.5 0 386.5 0 390.0 392.0 393.0 0 395.0 0 000 // // // // // // // // // // // //	0 382.0 0 0 385.5 389.0 392.0 0 0 399.0 105.50 105.50 105.50 106.40 0 0 106.40 0 0 106.40 0 0 106.40 0 0 106.40 0 0 106.40 0 0 106.40 0 0 106.40 0 0 106.40 0 0 106.40 0 0 106.40 0 0 106.40 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 106.40 0 0 0 0 106.40 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Oct Dise Mar May Jul Oct ORANG ORANG Nov Jul 1940 Nov Jul	58.19 54.85 54.85 55.71 58.40 56.85 57.75 67.75 67.76 67.86	Previous 56,78 57,56 53,95 59,07 59,75 99,75 99,75 16,000 (bs; Provious 114,16 114,80 114,	High/Low 59.50 56.50 56.55 57.35 57.35 57.35 57.35 57.35 57.35 113.90 113.90 114.93 114.93 114.15 0 0	58.01 54.00 55.55 56.20 57.00 0 112.50 113.80 113.80 0 0 0 0 0
Det Nov Jan Mar May Juli Sep Dec Oct Nov Dec Mar Mar Rany Jun COFF	379.9 380.3 380.8 382.5 383.3 385.3 385.3 385.3 387.9 387.9 1 GRADE C Ciosa 105.80 105.95 106.45 106.85 106	Previous 382.8 383.5 386.2 386.5 386.9 397.3 400.4 400.5 Previous 100.10 100.80 107.05 107.10 108.85 500lbs; cer	##gh/Low 383.5 0 0 389.5 0 280.0 382.0 382.0 382.0 0 400.0 108.15 108.25 108.70 107.15 0 108.65 0 108.65 0 108.65	0 0 382_0 0 0 385_6 388_0 0 385_6 388_0 0 382_0 0 9 999_0 0 105_50 106_40 0 0 0 106_65 0 0 106_65 0 0 55_80 0 57_80 0 57_80	Oct Dise Mar May Jul Oct ORANG ORANG Nov Jul 1940 Nov Jul	58.19 54.85 54.85 55.71 58.40 56.85 57.75 67.75 67.76 67.86	Previous 56,78 57,56 58,95 79,96 58,96 79,97 59,75 59,07 59,75 114,40 114,40 114,40 114,40 114,40 114,80 11	High/Low 58.50 56.55 57.35 57.35 57.35 113.90 114.15 9 0 0 14.15 114.15 9 115.80 114.15 114.1	58.01 54.80 55.55 56.20 57.00 0 112.50 113.80 113.80 0 0 0 0 0 172.50 113.80 11
Dec Jan Mar May Dad Sep Doc High Mar Apr Man Apr Mary Man COTT	379.9 380.3 380.3 380.3 380.3 385.3 385.3 387.9 1 GRADE C Close 105.80 105.85 106.45 106.85 106.85 106.85 106.85 106.85 106.85 106.85 106.85 106.85 106.85 106.85	Previous  382.8  383.5  383.5  386.5  386.9  391.8  390.3  400.4  OPPER 25,  Previous  100.10  105.00  107.15  107.20  107.25  107.25  108.85  50.01bs; gen  Previous  58.85  58.00	##gh/Low 383.5 0 0 386.5 0 389.0 389.0 389.0 0 400.0 000 ibs; cer 106.15 108.25 108.25 0 107.15 0 0 107.15 0 0 108.85 0 106.85 0	0 2 385.5 389.0 0 395.0 0 396.0 105.50 105.50 105.60 0 106.40 0 10	Oct Dise Mar May Jul Oct ORANG ORANG Nov Jul 1940 Nov Jul	50.19 54.85 55.19 54.85 56.71 56.40 56.85 57.75  TIS.25 113.15 114.15 114.15 114.15 114.15 114.15 114.15 569 22 1584.0 10985 (Base Sep 22	Previous 56.78 57.56 57.96 57.96 58.97 58.75 58.97 59.75 114.90 114.90 114.80 114.80 114.80 114.80 114.80 114.80 114.80 114.80 114.80 114.80 114.80 114.80 114.80 114.80	High/Low 58.50 56.65 57.50 5 57.50 5 113.90 114.16 9 0 0 1518.6 31 1974 — mnth ago	58.01 54.80 55.55 56.20 57.00 0 112.50 113.80 113.80 0 0 0 0 0 172.50 113.80 11
Det Nov Jan Mar May Juli Sep Dec Oct Nov Dec Mar Mar Rany Jun COFF	379.9 380.3 380.8 382.5 383.3 385.3 385.3 385.3 387.9 387.9 1 GRADE C Ciosa 105.80 105.95 106.45 106.85 106	Previous 382.8 383.5 386.2 386.5 386.9 397.3 400.4 400.5 Previous 100.10 100.80 107.05 107.10 108.85 500lbs; cer	##gh/Low 383.5 0 0 389.5 0 280.0 382.0 382.0 382.0 0 400.0 108.15 108.25 108.70 107.15 0 108.65 0 108.65 0 108.65	0 0 382_0 0 0 385_6 388_0 0 385_6 388_0 0 382_0 0 9 999_0 0 105_50 106_40 0 0 0 106_65 0 0 106_65 0 0 55_80 0 57_80 0 57_80	Oct Disse Mar May Mar May Jan War May Jul Sop Nov Jan Dow .	58.19 54.85 54.85 55.71 58.40 56.85 57.75 67.75 67.76 67.86	Previous 56,78 57,56 58,95 79,96 58,96 79,97 59,75 59,07 59,75 114,40 114,40 114,40 114,40 114,40 114,80 11	High/Low 58.50 56.55 57.35 57.35 57.35 113.90 114.15 9 0 0 14.15 114.15 9 115.80 114.15 114.1	58.01 54.80 55.55 56.20 57.00 0 112.50 113.80 113.80 0 0 0 0 0 172.50 113.80 11

BOY	VIIEWE !	000 ku min.	Director/GOID &	rinhei.
	Close	Provious	High/Lire	
Nov	838/4	839/4	642/0	536/0
Jen Mer	844/6	845/6	848/2	542/4
· May	651/6 558/6	653/0 660/4	854/6 861/8	850/0 857/4
أادال	565/2	567/0	868/4	B64/4
Aug	567/2 663/6	668/4	569/6	867/2
Nov	572/4	573/0	579M)	0 672/4
SOY		60,000 lbe;		41.44
	Close			
-		Previous	High/Low	
Oct Dec	18.51	18.62 18.87	18.83 19.14	16.53 16.79
Jan	19.04	19.05	10.26	18.95
Mary	19.55	19.29	19,50	19.21
44	19.79	19.60	19.96	19.50 19.75
Aug	19.91	10.08	20.05	19.89
Sep	20.04	20.03	20.10	30.00
BOYA	REAN ME	AL 100 tons:	en-	
-	Close			
Gal	IBAR	Previous	High/Low	-
Dec	184.6	185.5 185.6	185,4 185,5	183.9 183.9
Jes	184.7	185.8	185.8	184.1
May	184.9	185.8 185.8	185.5	184.5
Jul	187.0	186.9	185.8 187.3	185.0 185.5
Aug Sep	187.5	187.5	188.0	187.2
	188.0	188.0	186.0	100.0
		min; cenes/5		
	Close	Provigue	HightLow	
Øec Mar	213/0	214/4	214/4	212/6
May	228/2	229/6 229/6	223/4	221/6 228/2
Jul	233/0	234/2	234/2	232/8
Sep	234/2	235/2	234/6 238/4	234/2
Mar	244/2	246/0	0	0 -
WHEA	T 5,000 bu	min: cents/6	00lb-bushel	
_	Close	Previous	High/Low	
Dec	338/4	336/2	338/0	334/2
Mer	336/6	340/2	340/4	337/2
May	333/2	335/0 314/6	335/0 314/4	332/2
Sep	318/4	320/4	318/4	312/0 317/0
Dec	329/0	331/0	329/0	328/4
TIME		DOO IDS; cent	te/libs	
	Close	Previous	High/Low	_
Oct	75 175	75.775	75.625	75.150
Dec Feb	73.025 71.525	73.650 71.676	73.500 71.925	73.000
Apr	72.750	73.125	73.050	72.700
Aug	69.778 69.500	70.025	69.960	60.750
Oat	68.500	68.750	56.750 66.850	68.500 °
				99.000
LIVE H	OGS 40,00	O lb; cents/ii	be .	
_	Cioso	Previous	High/Low	
Qaz	40.700	40.775	40,975	40,450
Dec Feb	41.450	41.550	41.725	41.250
Apr	40.350 36.700	40,450	40.600	40 076
Jun	44.200	94.700 44.075	44,260	38,500 44,025
Jul Aug	44.150	44.050	44.200 .	84,000
Oct	42.925 40.250	43.000 40.400	43.050	42,875
		0,000 lbs; ca	40.250	40.100
			nts/ib	
F	Close	Previous	High/Low	
Feb Mar	36.825 38.825	NI.325	39.150	38.500
May	40.250	39.375 41.000	39.000 40.250	20 000
Jui	40.600	41 100	40.600	-38,900 40,250
Aug	39.225	39.600	39 ARO	<b>30 775</b>

#### MARKET REPORT

GOLD pushed to the day's highs around the \$350 area in late afternoon trade on the London buying on Comex as the dollar slid to an all-time low against the yen. But producer selling continued to cap the upside, while there was no sign of the rumoured Bundesbank interest rate cut and the French France steadled against the D-mark in the ERM. Generally low levels of industrial demand growth in the major economies remained the main depressing factor on BASE METAL prices at the LME. consumers would do more than satisfy immediate needs or that

London Markets

SPOT MARKETS

Crude off (per parrol FOB)[		+ 0f
Dubai	\$18.60-8.652	
Bratt Blond (deted)	\$20 40-0.60	+ .125
Brent Bland (Nov)	\$20.55-0 60	+ 125
W.T I (1 pm est)	\$21 90-0.95z	F-USO
Oil products (NWE prompt delivery per	tonne CIF	+ gr
Promium Gesoline	\$218-219	
Gas Oil	\$182-183	+2
Heavy Fuel Oti	590-93	+0.6
Naphtha	\$169-191	+0.5
Petroleum Argus Estimates	l	
Other		+ or
Gold (per troy ezi-	\$349.35	-1.50
Silver (per trey ez)	382.5c	+5.0
Pletinum (per troy oz)	S363.2	-0.0
Palladium (per troy oz)	<b>21</b> (0)	-0.15
Copper (US Producer)	112.0c	-0.5
Lead (US Producer)	40.1c	
Tin (Kuala Lumpur market)		-0.02
Tin (New York)	300,00c	-2.50
Zinc (US Prime Western)	62.0c	
Cattle (Iwe weight)	107 59p	-0.58°
Sheep (livo weight)†	70.21p	-0 69°
Pigs (live weight)†	76.75p	-2.09
London datiy sugar (raw)	\$226.6w	-0.9
London daily sugar (white)	\$259.0w	-8.5
Tate and Lyle export price	\$242.6	+20
Barley (English feed)	Ung	_
Maize (US No 3 yellow)	0,727.0	
Wheat (US Dark Northern)	Unq	
Pubber (Oct)♥	57.00p	+20
Rubber (Nov)♥	67.00p	+20
Rubber (ICL ASS No 1 Jul)		
Canada at Abrilancia del	\$500.0y	
Coconut oil (Philippines)§		
Peim Qii (Melayslani) Copra (Philippines))	\$375.0y \$320.0	-15.0
Copra (Philippines)s Soyaboans (US)	£150 0w	+1.0
Soyuseans (US) Cotton "A" Index		-0.10
Wooltops (64s Super)	408o	PG. 19
	stated, p-per	

robusta COFFEE closed with pared gains. Prices had been marked up early amid sentiment that some progress appeared to have been made at the ICO talks on a new pact. Compiled from Reuters HUGAN - Lenion FOR (\$ per tonne 195.00 194.80 191.00 191.00 196.00 194.00 199.00 195.00 194.60 194.20 190.60 195.40 195.20 197.80 197.40 55.80 54.00 56.40 54.20 57 00 65.10 11.00 59.50 49.50 48.70 Dec Mar May Aug Oct Dec Nov Dec Jari Fub Mar IPE II Turns

DE O	D = 104	<u> </u>		Sibarral	PRESCH	T - Los	ados POX	\$10/Inde	z po
	Close	Previous	High/Lo	w		Close	Previous	High/Low	
	20.65	20.42	20,70 20		300	1051	1054	1062 1050	
	20.63	20 40	20.67 20		Oct	1115	1135	1130 1115	
	20.54	20.32	20.56 20		Nov	1130	1150	1145 1130	
	20.39	20.18	20.45 20		Jan	1160	1175	1165 1180	
	20.27	20.01	20.28 20	).02	Apr	1220	1235	1225 1220	
Mex	20.41	20.27	20.41		Jul	1076	1086	1077 1068	
Ner 2	3486 (18	925)			Ocz B위	1275 1034	1290 1054	127N-1881 1054	
OIL -	- IPE			\$/tonne	Turnover			1000	
C			High/Low			- •-	-		
			190.50 188. 194.25 192.		GRAINS	- Lon	fon FOX		Ton
16	6.50	194.75	196.50 194.	25	No.	Close	Previous	High/Low	_
19	6.50	25.25	1 <b>98</b> .75 194.	75	Seo	119,00	110.76	110 00 0100	_
15			193.00 192.		Nov	119.10	118,65	110.00 110.0	9.
			186.50 186.		Jan	122.36	122.00	119.25 118.8 122.75 122.2	
			吃碗 境		Mari	125.45	125.10	120.00 126.2	
			180.25 179.	<b>20</b>	May	128.60	128.50	126.75 128.5	
17	78.00		178.75						_
ver 1	3158 (12	506) lozs o	f 100 tonns	0:9		Closs	Previous	High/Low	
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		ut in Austri			den	120.00	119.65	120.55 120.0	
		steady lesi			Mar	123.00	122.80	129,20 123,0	0
week	. The AV	VC market	indicator w	225	Turnover	Wheat	422 (365). [	Barley 310 (2)	901.
		lower at 5			Turnover	lots of	100 Tonnes		-41.
		compared				-		-	
		ineas in th							
		ntly ahead re from the		k's	PIGS 🖹	حفص	POX (Ca	ısh Sattlemen	t) př
atrain:	be, and b	uyers now	remain vo	<sub>7</sub>		Close	Previous	High/Low	
		anying att				105.0	•	105.0	
		net the US				103.0	-	102.0	
		prices risin			May	104.0	-	103.0	
	ikh som e rises k	s are willin	ng ito case to	' '	Turnoves	17 (10	lots of 3,250		

#### LONDON STOCK EXCHANGE

## Unsettled again by currency factors

By Terry Byland, UK Shick Market Ednor

TURBULENCE in global currency markets re-emerged as an unsettling factor for UK equities yesterday. Dollar stocks fell out of favour as the US currency faced pressure throughout Europe and tur-moil among ERM currencies dented London's new-found

On the corporate front, nerves were joited by a heavy loss and a halved share price at British Aerospace, until very recently an FT-SE Index constituent and a core stock in

many institutional portfolios. Equities opened lower but were then driven ahead by early gains in the stock index

managed to regain the 2,600 hurdle before the pace slackened in the futures market and share prices were left to react to the adverse factors lurking in the background.

badly unsettled by the latest indications of potentially in the European currency framework. Dealers identified

The setback among dollar futures sector. The Footsie stocks, as the US currency off at 2,569.8 at mid-session, but

The stock market became

destructive pressures inside the European exchange rate system. While sterling benefited from the switch of selling pressure towards the French franc, few equity strategists were prepared to speculate on the longer term implications for UK stocks of a break-up distinct signs of fear in the

Account Desire Deles Sep 21 Oct 2 Oct. 16 Account Clay: Sep 25 Oct 12

yen, was increased by bearish reviews of the pharmaceutical stock sector by a large US securities house. Some major drug stocks, which led the market advance last week, have now lost most of the gains which greeted sterling's departure from the ERM. The Footsie reversed its gain

and was more than 16 points

challenged lows against the

the computer manufacturer, which traded beavily after the chairman suggested he might take the company into the private sector. Volume in Amstrad and in British Aerospace, between them, made up nearly 5 per cent of the day's total of

equity shares traded.

was helped later by a rally in the pound. With confidence in Weakness in dollar-orientated stocks was offset by confurther cuts in UK base rates tinued demand for the domesstill holding firm, equities tic retail stocks which will be recovered to show a final readbeneficiaries from the further ing on the Footsie of 2,580.5, a cuts in UK base rates expected before Christmas. Bank shares also extended recent gains on 735.4m shares from Tuesday's the view that lower interest 987.9m. Tuesday's retail volrates will lighten their heavy ume remained high at £2bu, burdens of bad debts. However, there was no improvement for The attention was concenthe construction sector which had to weather another divitrated yesterday on a handful of stocks, including Amstrad, dend reduction, this time from

Costain The buoyant rally in share prices yesterday afternoon ket's overall confidence that the investment outlook has changed for the better and that domestic interest rates are on the way down.

104 43 104 CS 104.60 105.21 104.89 2149.7 81 4 79.9 FT-8E Eurotrack 200 1117-50 1118.32 1114-23 1144-61 1111-40 1171-08 1248.79 1029.56 1248.79 939.62 (11/5) (25/8) (11/5/92) (16/1/91) 4 68 6.75 48.77 6.84 (0.53) 4 88 7 50 16.63 ●Earning Yid %(Mdl) ●P/E Ratio(Net)(☆) 6.72 18.85 6.81 18 60 17.92 
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## Heavy setback in BAe

NOT EVEN the most pessimistic market forecasts had pre-dicted the scale of losses at British Aerospace, one of the UK's leading manufacturers. The news nearly halved the share price to a new low and trading volume rose to its highest recorded daily total. The setback cast its shadow over other serospace and engineering stocks.

The company revealed a first-half deficit of £129m, down from a profit of £86m last year, and also deferred and cut the dividend for the first time, by 5.9p to 3p.

Dealers rushed to sell the stock, driving it down 57 to 142p within the first hour of trading. Investors sold into any signs of a rally and at the day's worst the shares were at 107p for a drop of 92,

in trad

A gloomy meeting with analysis brought little respite, not only raising questions over the year-end dividend but also leading some analysts to question the future of the company. Researchers were also concerned that BAe has yet to announce an expected order from Saudi Arabia for Tornado aircraft: most now fear that apound £100m for the full year

but return to profit in 1998. The afternoon brought some relief to the selling pressure as bargain hunters chose to focus on the company's restructurfinally 86 off at 1130, a record closing low after volume of

## Amstrad surprise

An early upsurge in Amstrad dealers on the alert for a subsequent announcement that Mr Alan Sugar, founder and chairman of the electronics concern was about to take the troubled electronics group private. But the price at which Mr Sugar pitched the offer, 30p a share, was much lower than expected and well below the 45p that was being mentioned in the market.
After the announcement the

stock fell back to close a net 3 up at 28p. Turnover totalled Market reaction to Mr Sug-

#### **NEW HIGHS AND** LOWS FOR 1992

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ar's move was less than com-plimentary. "It is a bit cheeky to say the least," said one electronics specialist. Mr Sugar prompted raised eyebrows in the City in March last year when he sold a block of 42.75m shares, representing a 7.5 per cent stake in Amstrad, at 79p, only days after a profits upgrading by James Capel, the company's broker. Mr Sugar currently has a near 35 per

cent stake in Amstrad. In July Amstrad issued a warning that losses for the year to end-June would be much greater than had been expected; most analysts have factored in a projected deficit of £65m for the year.

#### KIO/Hays deal

The reason for sluggishness in the share price of Hays on Tuesday, in spite of better than expected preliminary figures. became evident yesterday as the Kuwait Investment Office (KIO) revealed that it has sold a block of 7.8m shares into the market. The sale reduced its stake in the business services level at which shareholdings

have to be declared. An official statement said the KIO holding now stands at 11.85m shares, or 2.96 per cent. The 7.6m shares are believed to have been placed in the market by Hoare Govett, the stockbroker, at 178p a share ex-divi-dend, equivalent to 180% p cum the dividend, a substantial dis-

EQUITY GROUPS

count to the ruling share price of around 184p.

The KIO has been steadily reducing its holding in Hays over the past year, down from 10.3 per cent to the current level. By the close yesterday the shares had risen 5 to 189 ¼p.

The decision by Chemical Bank to forsake office space in Canary Wharf for Alban Gate, in the City of London, lifted MEPC, Alban's developer. "The millstone has been lifted from around MEPC's neck," commented one analyst, following the bank's letting of 173,000 sq ft on a 25-year lease at a rumoured £30 per sq ft. The shares closed 13 ahead at 252p after a hefty 5.4m turnover.

savings and benefits to the group would be in the region of £10m, enough in the market's view to protect the dividend. TSB eased 2 more to 126p, with the market said to be con-Samuel merchant banking operation.

At that letting price, the net

S.G. Warburg, the merchant bank, jumped 19 to 530p, still boosted by hints that a link with one of the top-rated US money centre banks could be on the cards. Barratt Devalopments forged

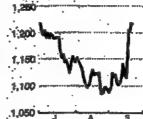
shead 17, or 34 per cent, to 67p, after the housebuilder unveiled much better than expected pre-liminary results. Costain, on the other hand, slipped 2 to 270 after confirming market fears that the interim dividend

## FT-A All-Share Index

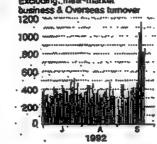
net loss on the day of 5.5.

Seaq volume slipped

reflecting block share sales.



**Equity Shares Traded** Turnover by volume (million)



would be eliminated. Taylor Woodrow lost 3 to 62n as one securities house bought a block of 7.8m shares at 60%p

and placed them at 60%p. Among other housebuilders, Cala rose 6 to 45p, Crest Nicholson 9 to 43p and Westbury 6 to 59p in a belated reaction to the cut in UK interest rates.

Pharmaceutical issues continued to suffer from profit-taking and currency worries, with by reported bearish comments

#### from Goldman Sachs. Fisons shed 5 to 183p, Glaxo 19 to 797p and Wellcome 32 to 955p. UBS Phillips & Drew was

said to have turned positive on the brewery sector. Bass moved ahead 12 to 587p, Grand Metropolitan 18 to 455p and Guinness 25 to 564p.

Supermarket group Tesco retreated 10 to 214p as some brokers found themselves long on stock following the interim statement released on Tuesday. J. Sainsbury continued to benefit from comparison with

Tesco, climbing 4 to 460p.
In food manufacturing, Smith New Court was among those advising investors to take profits after recent outperformance in Cadbury Schwep-pes, which receded 9 to 451p, and Unilever, 18 lighter at 1034p. Smith also advised switching into Tate & Lyle, 17 stronger at 357p, United Biscuits, 10 ahead at 297p, and Northern Foods, 13 up at 270p.

Tour group Airtours advanced 10 to 223p after announcing the purchase of the Pickfords Travel agency Paper company Bunzl added 5 at 102p, aided by an agency cross by Credit Laing Lyon-

naise of 2.5m shares at 101p. MARKET REPORTERS Joel Kibezo,

we Thompso Other market statistics,

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FINANCIAL TIMES STOCK INDICES

#### **EQUITY FUTURES AND OPTIONS TRADING**

DEALERS reported a dull session in the derivatives market, with turnover in both Footsie futures and traded options returning to poor levels, writes Joel Kibazo.

Trading in the FT-SE futures contract for December delivery opened strongly at 2,641 and early buying reported to have come from Strauss Turnbull and Salomon soon helped the contract advance to 2.656 by

mid-morning, with early

strength in glits also boosting sentiment. However, this proved to be the high of the day after buying interest dried up, leaving the contract to gently drift lower over the middle part of the trading

In the afternoon, the lack of buyers coupled with the poor opening on Wall Street saw December fall to the day's low of 2,610, although a squeeze towards the close ensured a strong finish. December closed at 2,638, around 22 points ahead of its fair value preminm to each of about 40. Traded options were marked by a lack of business and turnover reached 26,889 lots, well below the markets's break-even level of 30,000 contracts. The FT-SE 100 option traded

8,877 contracts, while among

recorded the day's highest

total at 1,280 contracts.

#### FT-ACTUARIES SHARE INDICES

\* The Financial Times Ltd 1992. Compiled by the Financial Times Ltd

Wednesday September 23 1992 Sep Sep

	Dean ( Lincoln	1	CHI PGENE	r) ach	res stract	22		22	21	18	(approx)
_	SUB-SECTIONS  Figures in parentheses show number of stocks per section		Day's Chunga	Est. Earnings Yield % (Max.)	(Act at (29%)	Est. P/E Ratio (Net)	nd adj. 1992 to date	Index No.	Index ito.	Index No.	Index No.
1	CAPITAL G000\$ (175)		-1.5	7.61	5.79	16.95	26.19	176.22			851.80
2	Building Materials (23)	764.14	-0.3	5.07	7.19	20.21	30 02				1068.10
3	Contracting, Construction (27)	623.24	+1.8	4.07	8.59	81.96	29.21	612.27			1128.36
. 4	Electricals (9)	2149.22	-1.7	7,62	7.00	16.91	85,00	2107.04			
	Electronics (27)		-1.9	111	4.34	15.35	0.01	2027.12			
6			-11.8	13.00	9.40	9.76	13.53		313.62		
7		469.97	-0.5	8.62	5.12	14.80	14.37	47216			
	Metals and Metal Forming (7)	317.73	-2.2	5.A7	6.89	26.58	7.52	324.97	323.13	312.45	
9		314.27	-3.8	8.52	7.51	13.41	14.69	326.75	324.15	316.70	
	Other Industrial Materials (19)		-0.7	7.15	4.75	14.91	57.80	1618 94	1754.44		1550.91
	CONSUMER GROUP (191)	1012.32	-0.2 +3.1	7.14 8.03	3.59	17.34	\$2,79 41,39	2013 29	1610.39 2009.49		
22		1109 75	,	9.05	4.47	13.66			1174.15		
25	Food Manufacturing (19)Food Retailing (18)	11102./2	-0.5	9.29	3.45	13.96	48.07	2682.22	2617.45		
40	Health and Household (25)	4104 44	-26	5.28	2.64	21.96	68.85	4306.79	4340.49		364.93
27	Hotels and Leisure (18)	1052 53	-0.2	7.64	6.50	17.09	38.53	1055 19			
20	Media (26)	1505 50	-0.5	6.15	3.30	20.30	32.89	1604.12			
41	Packaging, Paper & Printing (17)	777 80		6.97	4.45	17.86	22.00	728.18	717.40	M6.23	763.14
- 31	Stores (34)	1035 29	********	6.87	3.63	19.41	10.84	1035.02	1017.09	1020.90	778.77
100	Textiles (9)	A70 21	42.2	7.03	4.57	17.89	26.42	652.97	660.32		634.16
40	OTHER GROUPS (117)	1282.35	*******	9.75	5.30	12.54	39.94	1201.00	1207231	1269.25	
41	Business Services (17)	1343.68	46.1	A 67	3.92	18.38	23.67	1342.78		1330.34	
42	Chemicals (22)	1432 55	********	6.84	5.07	18.14	VR.13	1431.85		1367.05	
49	Conglomerates (10)	1273.87	-1.2	9 05	0.43	14.14	38.55	1289.02		1303.96	
44	Transport (14)	2449 85	-0.7	8.21	4.83	15.00	74,86	2468.31	2438.91	2430.93	
45	Electricity (16)	1347.53	+1.3	15.44	5.44	8.35	55.01	1330.09	1347.77	1368.27	1278.30
46	Telephone Networks(4)	1464.54	-0.5	10.32	4.51	12.63		1471.97		1428.78	
47	[Water(11)	12786.24	+1.6	26.08	6.21	6.88		2742.89	2731.BL	2789.02	
48	Miscellaneous (23)	2159.78	+0.5	6.13	4.67	20.44	55,15	21,48,84	2125.95	2143.55	1890,81
49	INDUSTRIAL GROUP (483)	12% 39	-0.4	8.07	4.52	15.51	33,98			1288.57	1299.24
51		2023.58	+0.4	6.67	6.42	19.65	84.69	2015.74	1988.88	1985.90	2385.65
		1365.01	-0.3	7.93	4.72	15.86	37.99	1368.96	1357.78	1355.09	1393.40
61	FINANCIAL GROUP (83)	749,29	+0.9	-	5.89	-	27,00	742.77	726.62	729.72	833.86
62	Ranks (9)	11025.52	+0.5	5.06	5,47	29.56	39.95			1010.95	
65	Insurance (Life) (6)	1532.01	+0.4	-	5.93	-	64.22	1525.83	1495.62	1519.93	
66	Insurance (Composite) (7)	521,83	+2.1	-	5.76	-	16,37	511.31	4%.54	49.62	
67	Insurance (Brokers) (10)	694.48	-0.5	10.29	0.09	12.76	39.90	698.16	684.37		1157.52
	Merchant Banks (7)		+2.0	-	4.71	-	13.06	461.85	401 X	06.42	
	Property (30)		+2.1	10.61	8.36	12.51	22.28	521.11	510.38	57,5.70	969.43
70	Other Financial (14)	243.52	+0.9	8.20	6.84	16.01	7.61	2AI.47	237.26	232.33	268.93
71	Investment Trusts (70)	<u>1159.29</u>	+0.9	-	3.87	-	26.39	1148.84	1135.67	112271	
99	ALL-SHARE INDEX (653)		-0.1	-	4.85	-	35,34	1218.28		1204.37	
		Nastes No.	Day's Change	Day's Historical	Day's	Sep 22	Sep 21	Sep 18	Sep 17	Sep 16	Ytar age
_	FT-SE 100 SHARE INDEXA	2580.5	-5.5		25671						2597.8
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	PRICE	Well Sep 23	Day's ENample		Accrued Interest		1 2 3	Coupons 15 y	rears	7.96 0.72 0.93	8.07 8.79 9.00	N.57 9.34 9.35
34	British Government Up to 5 years (22) 5-15 years (25) Over 15 years (8) Irredeemables (6) All stocks (61) Index-Lisked	125.11 139.19 145.32 163.77 136.71	+0.64 +0.71 +0.36 +0.52	124.78 138.31 144.30 163.18 136.00	1.63 1.15 3.12 1.62	10.51 9.97 8.83 10.11	5 67 89 10	Medium 57 Coupons 157 (8%-104%) 207 High 57 Coupons 159 (11%-) 207 Irredeemables	Ears	8.57 9.16 9.25 8.87 9.34 9.36 9.39	8.67 9.26 9.33 8.96 9.41 9.43 9.43	9.64 9.48 9.44 9.53 9.56 9.50 9.55
7	Up to 5 years ( 2) Over 5 years (1,0) All stocks (1,2) Deks & Lance (62)	154.23 155.90	40.79 40.69	153.02	0.37 0.72 0.67	3.25 3.64 3.56 9.13	13 14 15	inflation rate 5% inflation rate 10% inflation rate 10%. Dets & Loans	Over 5 pts. Up to 5 pts. Over 5 pts. 5 pts. 15 pts. 25 pts. 25 pts.	4.27 2.90 4.08 10.04 10.47 10.49	4.33 2.93 4.14 10.20 10.54 10.56	123 3.26 4.05 11.08 10.90 10.74

#Opening Index 2579.3: 9 am 2597.1: 10 am 2593.8; 11 am 2601.6; Noon 2597.9; 1 pm 2588.8; 2 pm 2584.3; 2.30 pm 2577.9; 3 pm 2575.1; 4.10 pm 2576.8; (2) 9,09am (b) 3.21pm ? Plat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London 5E1.9Ht. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these ingless. These are available by subscription from FINSTAT, 3rd Finor, Number One, Southwark Bridge, London SE1.9Ht. @ The HSBC divident is not subject to Advance

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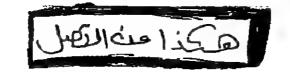
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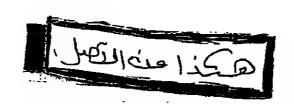
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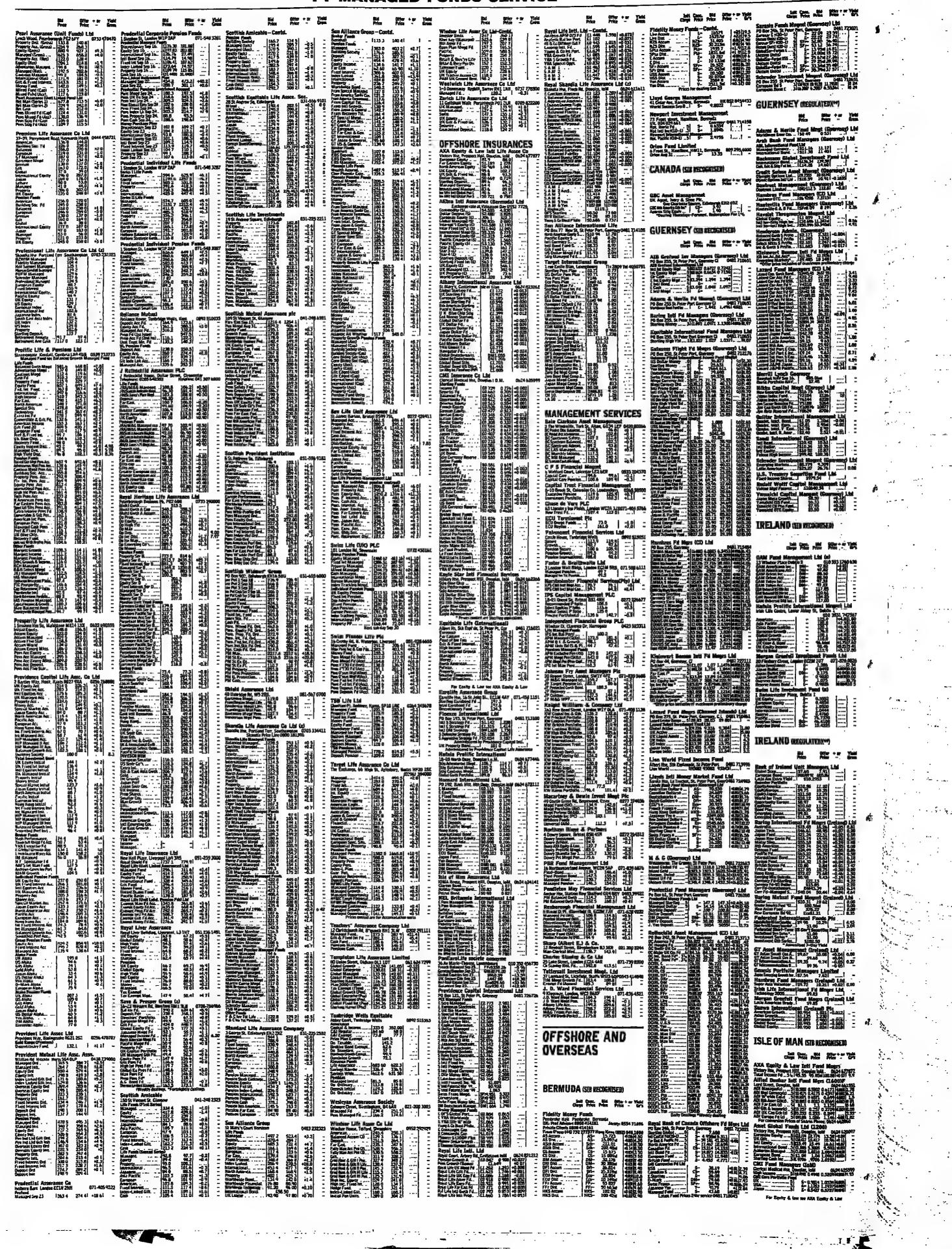
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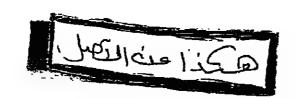




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## CURRENCIES, MONEY AND CAPITAL MARKETS

#### **FOREIGN EXCHANGES**

## Battle to save the French franc

German Bundesbank intervened heavily on the foreign exchanges yesterday to sup-port the French franc, after the currency threatened to move close to its floor against the D-Mark in the European exchange rate mechanism, writes James Blitz.

The 13-year old ERM was founded on the linkage of the French franc and the D-Mark, and the future of the system now depends on whether a devaluation of the franc, which France would find humiliating, can be avoided.

The French central bank raised its key money market lending rate by 2.5 per cent yesterday and then intervened continuously in the foreign exchange markets. Several analysts suggested last night that France's foreign exchange reserves were exhausted, but there was no official indication

of this. The Bundesbank intervened to support a currency within its margins for the first time since the ERM was founded. There were suggestions that Germany has spent DM30bn in support of the franc this week, on top of the DM60bn spent to shore up sterling and the lira. Overnight rates in the German

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THE Bank of France and the money market were at 0.5 per cent, down from 6 per cent on Tuesday, reflecting the colossal quantity of D-Marks in the financial system.

By last night, the battle between the markets and the central banks seemed evenly matched, with the French currency finishing at FFr3.4120 to the D-Mark, against a lower limit of FFr3.4305.

economy is sound and, far from being a devaluation candidate, there is a case for saying it should be revalued. If necessary, France could play what one analyst called "dirty tricks" to aid the currency. It could temporarily suspend the five to 10-day lending window in the French money market,

However, there were signs yesterday of a fundamental
flow out of the French cur-
rency by investment funds
with huge currency holdings.
One London based economist
said his bank had seen a Ger-
man pension fund sell French
francs in large quantities.
ML I Akad America

The peseta rocketed against the D-Mark after Spain limit of FFr3.4305. announced reimposition of cap-Can the franc hold? France's ital controls. It opened at Pta71.91 per D-Mark, closed in London at Pta67.64 and moved from the bottom of the EMS grid to the top. Dealers said the peseta market was now illiquid. Spot exchange was still possible, but currency swaps were very difficult to execute.

The Irish punt remained in the French money market, as it did for 20 minutes last Friday. Alternatively, it could reintroduce capital controls, as Spain did yesterday, to make franc trading less liquid.

The 1718 plant remained under intense pressure, ending at DM2.6240, not far above its floor of DM2.6190. The Portuguese escudo finished weakly at Esc38.75 per D-Mark, compared to its floor of Esc92.33.

	Eco Central Rates	Currenty Amounts Against Ecu Sep 23	irom Central Rate	% Spread on Weakest Correscy	(hrurgester Instituter
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rtugai Us ly	172.95 - 180.70 2116.30 - 2157.90 10.1250 - 10.350	226.00 - 227.00 173.35 - 173.65 1150.50 - 2111.50 10.1175 - 10.3275	13-17/brests 13-17/brests 1/A	<b>33</b> 9	342-32646 35-4745 N/A	-5.51 -7.61
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## MONEY MARKETS

## Cash rates firmer

CASH RATES in the sterling money market firmed yesterday after the Bank of England forecast a very large shortage of £1.95bn at the start of its

Rates had softened markedly the day before, after the Bank announced a reduction in base rates to 9 per cent, with threemonth money closing on Wednesday night at around 91 per cent. However, the threemonth rate ended firmer yes-terday at 93 per cent on the offered side, and the onemonth offered rate remained high, at 91; per cent. A clearing bank dealer said

UK clearing bank base lending rate 9 per cent from September 22, 1992

that the shortage reflected the huge amount of sterling that was bought on the foreign exchanges last week, which is estimated at about £15bn. But the Bank also announced that it would be offering a roll-over of facilities that have been offered to the largest banks. building societies and the gilt edged market to relieve the unprecedented shortage pressures. The interest rate on these facilities will be at the

Sterling futures rose early in the day after the Bundesbank

and the German government showed strong support for the French franc, which came under intense selling pressure on the foreign exchanges. Dealers assumed that the Bundesbank might be prepared to cut interest rates to support the franc, and that this would facilitate another reduction in UK base rates without undermining sterling's position

any further. However, some dealers believe that another UK base rate cut will undermine sterling, pushing up inflation in the longer term. "The 12 per cent devaluation that we have seen so far puts about 3 per cent on UK inflation," said one

dealer yesterday.
The December short sterling contract opened at 91.90, but later fell back to finish at 91.80. Strictly speaking this assumes that three-month money at the end of the year will be at 8.1

per cent. In early operations the Bank purchased £70m in a repurchase agreement at the new rate of 813 per cent. In further operations, the Bank bought £88m of Band 1 bank bills at 8% per cent, £48m of Band 2 bank bills at 8% per cent, and £558m in a repurchase

The Bank bought £556m of Band 1 Treasury bills and £535m of Band 1 bank bills. Late assistance was £640m.

## FT LONDON INTERBANK FIXING (11.00 a m Sep.23) 3 months US delians

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Contracts traded on APT. Closing prices physic POUND - DOLLAR FT FAMILY COUNTY BITES

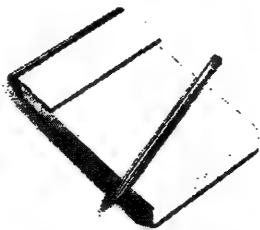
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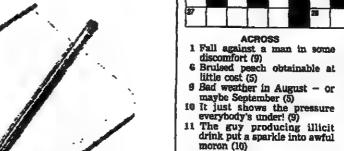


#### **Noted Achievements**

Beautiful ways to reward employees or thank clients: The Tiffany "T" clip ball point pen and memo pad in sterling silver. For more information, please call Tiffany's Corporate Division on 071-408 2271.

25 OLD BOND STREET LONDON WIX 3AA

#### **BUSINESS GIFTS**

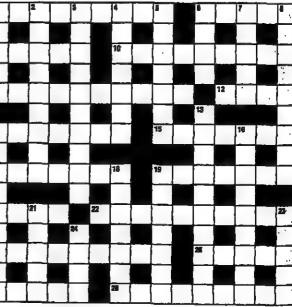


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JOTTER PAD

## CROSSWORD

No.7,959 Set by VIXEN



**ACROSS** 

drink put a sparkle into awful moron (10)

12 Many sheep are of small weight (4)

14 Sending off for fine porcelain without trouble (7)

15 A musical instrument container only (7)

17 Caused some irritation, that's clear, and went first (7)

18 Waste - refuse (7)

19 In jug, he'll play an American team-game (7)

clear, and went first (7)
19 Outmoded underwear for a woman put in the post (7)
20 A little land is left to the egg-

bead (4) 22 A shrewd old tribesman, by no means obtuse (5,5)
25 Swimmer having a fling —
he's going wild (5-4)
26 Figures one pores over (5)
27 Very short tin-opener — Irish!
(5)

(5)
28 See about a stern resolution in serious fashion (9)

For graduates on retirement in India (5)
 An advocate put a river

record first (9) 3 Making a bid, smiles, which is

4 Sending a message, a sailing man has to stick around (7) 5 The countess wanting a hear-

ing sid? (7)
6 The company doctor's card (4)
7 Chemical compound used in pesticides – terribly harmful-(5)
8 Each one encountered a certain hesitation all round (9)
13 To examine fanciful ideals

involving jewellery (6,3)

18 Waste – refuse (7)

19 In jug, he'll play an American team-game (7)

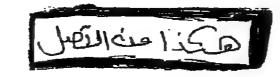
21 Clare madly when alcoholic drink is served (5)

23 Writing directions for example (6)

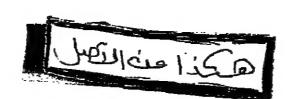
ple (5)

24 A song sung for joy? (4) Solution to Puzzle No.7,958





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FINANCIAL TIME	S THURSDAY SEPT	EMBER 24 1992	wo	RLD STO	ΦΦ 35 CK MARKETS
AUSTRIA	FRANCE (continued)	GERMANY (coatjoured)	METHERI, JAI DS (continued)	SWEDEN Continued	
September 23 Seh + or -  Apstrian Atribus 2,040 +6  Creditantal Pf 435 +5  EA Georgi 2830 +80  EVN 827 +14	September 23 Frs. + 67 - Carrefour 2,249 +61 Casino 147 +7 Celefor 840 -18	September 23 Data + sr -	September 23 Fis. + ar - AMEV Dep Rees 58.20xt +1 Bat lars Dec 2ss 40.60 +0 10	September 23 Kramer + sy -	CANADA  Sales Stock   High Low Close Ching Sales Stock High Low Close Ching Sales Stock High Low Close Ching Sales Stock High Low Close Ching Sales Stock High Low Close Ching Sales Stock High Low Close Ching Sales Stock
EVN 927 +14 Jungheszlaver 16,250 +250 Qelév 771 +14 Perinepose Zessens 1,190 -10 Rades Meradibh 479 +11 Reininghaus Brue 990 -50 Steyr Dalmier 185 +2 Vertscher Magnesit 334 +4 Vertund (Bri A 440 +3 Wienerberger 3,25se +70 Z-Laenderbank 1,030	Citistem	GCHE	Bornall W Cl Dalto   56.50   hebrasal Cl Dalto   59.50   hebrasal Cl Dalto   37.20   +0.80   DAF     17.80   +0.50   DAF     17.80   +0.50   DSM   98.90   -1.10   Dorstoner Dalto   98.90   +0.10   Dorstoner Dalto   98.90   +0.10   Earten Dalto   98.50   +0.10   Earten Dalto   98.50   +0.40   Hiclarken   99.50   +0.40   Hiclarken   170.70   -9.90   Hollad Betaan   202   -2	Precardia B Free 146 -6 SKF A Free 81 -3 SKF B Free 77 Sandviten B Free 334 -12 Standla Free 49 50 -5 50 Stan Enstition C. 10 50 -1 Stora Kopp B 198 -17 SCA A Free 62 -3 Svin Handl B Free 73 -5 Valva B Free 72 -6 Valva B Free 72 -5 Valva B Free 72 -5 Valva B Free 72 -5 Valva B Free 72 -6 Valva B Free 72 -5	TORONTO  100 Concardor 465 460 460 -15 1100 Concardor 465 460
#ELEIGH/LUXEMBOURG September 23 Frs. + or = AG Group	Color   Colo	Horizon   143 -7   Horizon   143 -7   Horizon   143 -7   Horizon   143 -7   Horizon   145 -7   Horizon   160 -5   Horizon   1	Houpers Dep Res 38.00 40.60 Houter Douglas 46.00 -0.20 IHC Calland 86.50 -0.10 sit Refine Dep Res 35.70 +0.50 mt Weeter 35.50 +0.30 KLM 28.50 +0.50 KMP 43.70 +0.50	SWITZERSAND September 23 Fis. + or -	1000 AbbNQms 516 h 15
CMB 1.795 Cohepa 4.350 -50	Eurafrance 1111 -30 Euro RSC6 523 -3 Euro Disney 82.65 -0.85	Labringer # 523 +7 Leifibert # 345 -20 Leifibert # 345 -20 Linde # 750 +8 Linotype-Herl # 375 +14 Lufthassia # 96 +0-20 Lufthassia # 96 +0-20 Lufthassia # 97 + 01 20 -0 30 MAN Pref # 224 50 -7 50 Mannesnam # 223 20 -3 80 Mannesnam # 223 20 -3 80 Mannesnam # 223 20 -3 80 Mannesnam # 253 20 -3 80	Neditors   36,70   41   40   Nilvers   1   40   Nilvers   1   40   40,30   4	Adia intr (Br)	24700 BCE lie: x \$45% 44% 44% -\frac{1}{2}\$  8000 Belincred 10 48% 19 10 40 500 Across 520 520 520 520 520 520 520 520 520 520
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Nessate   2,500   Nessate   1,544   -2   Part Holding Luc   11,900   -2   Petrofina   8,620   -60   Power/le   2,200   -30   Revalle Beige   3,580   -90   Revalle Beige AFY   3,430	Intersection   1984   15   15   15   15   15   15   15   1	Stephens 594.50 +3.80	MORWAY   September 23   Knamer + or -	Les Hold (Be) 277 +7  Man Giston Pro Os. 479 +5  Millarus (Reg) 195  Mator-Cobeta (Bri 590 -95  Mestle (Br) 983 +1  Nestle (Br) 992 +1  Or-Buerfille (Br) 404 -9  Pareysa Hid (Br) 1,105  Parmy Vision (Br) 2,520  Pirelli (Br) 240 +5  Richemont A (Br) 1,700 -150	149160 Caningsis, 2012 2014 2015 -16 52800 Can Occid 28014 20 2015 -16 52800 Can Occid 28014 20 2015 -16 170000 Can Pac x 51012 d1015 1612 5102 300 Can The S1812 1615 1612 5102 300 Can The S1812 1615 1614 510 5100 Impacts 5200
Set Gen Beigs RFV 1810 -50 Softha 10,490 -125 Softwa 1,526 -18 Softway 12,130 UCB 22,975 -25 Union diffalore 2,100 DENMARK	Piniault 321 -7 Printemps (Au) 650 Promodes 558 +4 Radioscrip 387 -14 50	TIME!	Deminyt Bit Free   10   Dyno Jan   90   Elizem Free   46,50   Elizem Free   449   44,	Richement A (Br)   11,700 -150   Roche (Br   5,390   Roche (Gasussi   3,760 +40   Salf (Reg)   1,290   Sandoz (Br)   2,920 -10   Sandoz (Br)   2,920   -10   Sandoz (Reg)   2,960   10   Sandoz (Reg)   2,960 +10   Schindier (Br)   3,230 +10   Schindier (PsyChal   596	3700 Care Cores 204 24 24 24 24 24 24 24 24 24 24 24 24 24
September 23 Kr + er - Baltica Holding Reg 220 -30 Biltoben 218 -3 Garisberg A 269 -5 0/51912 A 72,000 -1,500	Redoutie 5.680 420 Rhone Pouleie Cu 526 420 Rhone Pouleie Cu 536 420 Rossie-Licial 439 +14 Rossie-Licial 536 -9 Saleri Gobale 549 +5 Saleri Gobale 549 +5 Saleri Louis 1,150 +60	September 23	SPAIN September 23 Pts. + ar -	Swiss Bank (Br) 530 -5 Swiss Bank (Br) 278 +5 Swiss Bank (Reg) 268 +7 Swiss Bank PspCts 264 +3 Swiss Riess (Br) 2590 +40	
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Jyske Baotr Rep 250 +0.15 Laurizzen (J) B 1,440 -50 MKT A/S 150 -1.33 Roro Nord B 519 -7 Soptus Berend B 1,890 -20 Sepertos 385 -20 Linidamant A 154 -4	Sec Generals de Fr. 539 4-9  Sent Gestlonelles 274 10 -2 30  Solet Sestlonelles 274 10 -2 30  Talatinger 2,200 -70  Thomson CS F 132.50 -5.40  Total 8 225.70 -1.30  UAP 437.70 -2.30  UFB Locaball 225.00 +0.10	Cementir 1,215 -36 Cleanostel 1,030 -34 Colide Fin 1,148 -42 Credito Hallano 1,730 Daciell & C. 7,199 +9 EalChem 1,200 -25 Fermazi Fin 1,140 +30 Flat Priy 1,830 +9 Flat Chem 2,340 -20 Flat Resident 7,220 +151 Fondiaria Spa 17,200 +100	Basco Enterior 3 490 -30 Basco Popular 9 500 -30 Basco Santander 4,025 -315	2mrich les (Pig) 941	Transport   1274.75 1287 65 220 65 220.33   225 99   220.04   225 99   200.04   22
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Hokia Pref Free 41 4 Politica B Free 18 Repola (Free) 28.50 -0.50 Stockmann B 115 Tampella Free 9 Usites Bk C Free 3.40	Allianz AG	Mediobasea 9,160 –340 Montelison 1,100 –88 Olivetti 1,740 –40 Olivetti 1,740 –40 Pirelii 8 ps. 1,078 –11 RAS 13,800 +109 Rinascente (La) 3,580 –42 SASIB 3,350 –42	Sevillana Elec	Engo 47 First Nat. Blank 57.75 -0 25 First Nat. Blank 57.75 -0 25 Gency 11.25 Gency 11.25 Gold Fields SA 62 Barteleast 10.50 -0.50 Highreids Steel 9.70	Ames Mit. Value 379.91 380 99 382.72 385.50 418.99 574.64 418.99 29.51 HONG KONG KONG KONG KONG KONG KONG KONG K
FRANCE September 23 Frz. + er =  AGF	Belersdorf	Saffa A 4,642 -108 Salpsen 1,380 +1 Salpsen 9,616 -90 Sarf Paolo 9,616 -90 Sirt Spa 6,850 -50 Sirt Spa 6,850 -50 Sirt Spa 6,850 -50 Sirt Spa 6,850 -40 Toro Assign 15,261 -459 Toro Assign 15,261 -459 Toro Franco 15,260 -280 Unicem 4,850 -50	Uralita	SCOR	Const tablish   Const tablis
Alcatel Alsthorn 655 -3	8HF Back		September 23 Knooer + or -  AGA B From 260 -10  AGA B From 335 -5  AGA B From 329 -7  Astra A From 546 -4  Astra B From 537 -5	Pelabora Ming 70 Premier Gp 43 Rembrandt Grp 27nt +0.25 Rembrandt Cntrl 19.10nt +0.10 Rust Plat 75.75 +0.50 Saltourint & Remie 90	NEW YORK ACTIVE STOCKS TRADING ACTIVITY (SEE Comparise (4)4(86) 596.89 386.32 597.99 597.54 619.05 (20)25 546.63 (1.4)10 (1.4)
Section   Sect	Dentsche Bahcock . 134 -1 Deutsche Bank 661.50 +11.50	Reptable 23 Pts. + er - 18 il Amm Helder, 48.40 +0.20 LCF Hit Dep Res: 55.20 +0.80 About 90.10 About 90.10	Atlas Capes 8	SA Barcers 54.15 40.25 SA Man Ancer 27.50 Tiger Gats 44 Tonggat Hullett 16.25 -0.75 Van Reets 136.50 +1.50	Cord Cols
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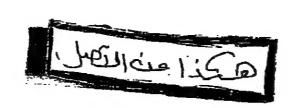
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Continued on next page

**FT SURVEYS** 



## NASDAQ NATIONAL MARKET NYSE COMPOSITE PRICES | Section | Continued from provious mage | Continued from prov Continued from previous page | Section | Sect 68 554 514 5034 5034 -4 0.26 29 119 164, 164, 164, 162, -4 20 396 524 5214 5214 53 -4 22 723 214 5214 531, 534, 44, 31 694 162 1712 164, 44, 18 125 19 164, 19 412 363 1103 6 73, 73, 412 2.25 47 52 503, 6464, 474, -23 C Tec Cand land CasSchape Caster Op CasSchape Caster Op Casgonie Candinal Candinal Caster Cas **AMEX COMPOSITE PRICES** | PV | Size | S | Section | Color | Co 3% 3% 5% 5% 5% 5% 6% 7 福城的 7年品 1/6 3/4 18 10/4 20/4 10% 10% 20% 2 61 1½ 0 40 34 7 10% 1 0.22 45 88 34% 1 151 89 7% 2 7 89 427% 1 0 40 14 36 5% 7 0 59 1% 6 377 5½ TH Ind Tab Produ Tel-Strata Thermoles Total Pet TownCriby Takes Man. 11/2 11/2 10/4 10/4 33/4 34/4 71/2 7/4 27/4 27/4 23/4 5/4 11/4 5/4 2|8 2|8 11½ 17½ 275 275 13½ 13¾ 4½ 4½ Å Å 57 3 607 11½ 420 20 30 13½ 23 4½ 10 ½ 56 61 14% 1 0 2 2% 0 2050 ½ 18 674 48% 0.52 9 19% 1 12 16 80 12% 0 10 8 56 21% 14% 212 612 19% 12% 21% 020 20 1349 23 4 32 4 23 10 100 17 17 18 18 5 33 17 17 17 **ALUMINIUM** 5 2 54 64 64 The FT proposes to publish this survey on October 28 1992. 8 94 11½ 11½ 8½ 8½ 18½ 18½ 10 10½ 8½ 7½ 35½ 35½ 18½ 18½ 14 14½ 23½ 24½ GET YOUR FT HAND DELIVERED from its printing centres in Tokyo. New York. Frankfurt, Roubaix and COPENHAGEN, AARHUS AND ODENSE. London. It will be read by senior businessmen and govern-ment officials in 160 - K - 11 55 17% a.44 11 524 110% a.00 14 2341 110% a.01 15 962 22½ 1 55 1420 8½ 27% 7 20 7% 3 27% 7 20 7% 3 418 8% 568 % 11½ 21 1971 16 5 100 47% If you work in the business centres of Copenhagen. Aarhus and Odense, we'll deliver your daily copy | Amount | A countries worldwide of the FT to your office at no extra cost. Call Erna Pio for details on Copenhagen 3313 4441. If you want to reach this 4214256 u111 \( \) 10 111 \( \) 0.11 25 94 177 \( \) 17 177 \( \) 0.13 16 13 74\( \) 65\( \) 65\( \) 18 \( \) 0.5 1 1\( \) 14 1 4\( \) 65\( \) 85\( \) 85\( \) 85\( \) 85\( \) 85\( \) 23 24\( \) 46 297 21\( \) 46 27 21\( \) 46 44\( \) 020 17 11 7 6\( \) 68\( \) 85\( \) 032 17 46 18\( \) 032 17 46 18\( \) 032 17 16 18 17 18\( \) 030 17 10 6 28\( \) 27\( \) 27\( \) 13 13\( \) 04 12\( \) 22\( \) 11 17 18\( \) 04 12\( \) 22\( \) 11 17 18\( \) 04 22\( \) 23 14\( \) 21\( \) 21\( \) 21\( \) 15\( \) 9 283 41\( \) 42\( \) 21\( \) 21\( \) 11\( \) 11\( \) 11\( \) 12\( \) 13 11\( \) 11\( \) 11\( \) 13 11\( \) 13 11\( \) 11\( \) 11\( \) 13\( \) important audience. please call Anthony G. Hayes Tel: 021-454 0922 Fax: 021-455 0869 FINANCIAL TIMES George House, George Road. Edgbaston, Birmingham BI5 IPG

## Equities calmer after slight bonds recovery

#### Wall Street

US SHARE prices were little changed at the end of trading yesterday after the European currency crisis, domestic political and economic concerns and apprehension about thirdquarter earnings had dampened investor demand for stocks, writes Patrick Harverson in New York.

At the close the Dow Jones Industrial Average was off just 2.16 at 3,278.69, having spent most of the day a few points below Tuesday's close. The Standard & Poor's 500 shed a mere 0.29 at 417.43, while the American SE composite was down 1.09 at 379.90 and the Nasdaq composite 0.04 easier at 582.96. Turnover on the New York SE was 206m shares.

Tuesday's losses were linked to heavy declines in the bond market, where concern about inflation had sparked a substantial sell-off. The fact that bond prices were slightly better yesterday therefore belped to calm equity markets.

The background to trading, however, remained troubling. Renewed pressure on the French franc, in spite of a jump in French interest rates. confirmed that the European currency crisis was not over.

international investors to buy US assets for safety, but so far there has been little evidence of foreign investors rushing into US stocks or bonds.

The domestic fundamentals, meanwhile, remain mixed, and investors are awaiting the third-quarter reporting season with some trepidation. They are particularly fearful that, because of slower than expected economic growth during the summer, companies will soon be warning that their earnings will fail to match expectations.

A case in point yesterday was Black & Decker, which tumbled \$3%, or 16 per cent, to \$16% in turnover of 2.5m shares after the company warned that net income for the third quarter would be in the range of the meagre \$12m it earned in the second quarter.

Another profits warning came from Fleming Companies, the shares declining \$1 to \$30'4 after the wholesale food group said its earnings would about \$3.10 a share for 1992, and not between \$3.20 and \$3.30 a share as originally estimated.

General Motors remained in the doghouse, falling a further \$1 to \$32 on volume of 3.7m shares as more and more auto analysts drop the stock from

which lost \$1 at \$22%, but Ford resisted the selling and edged \$14 higher to \$40%.

Alexander's advanced \$3% to \$27 after announcing that it had agreed to sell six store properties to Bradlees in a deal worth about \$82m. Bradlees was down \$14 at \$13.

On the Nasdaq market, Video Lottery plummeted \$10 to \$14 on turnover of 3.3m shares following news that the Gaming Commission in the state of Victoria in Australia had voted to remove the company from its list of approved manufacturers.

#### Canada

THE TORONTO market closed mixed but at its best point of the day as worries about the weak Canadian dollar continued to plague equities. The currency lost a further % cent, making its fall so far this week more than three cents.

The TSE 300 index finished a slight 1.54 up at 3,404.4, but declines outscored advances by 308 to 262 after volume of 30.5m shares valued at C\$323.2m.

Stelco "A" fell 30 cents to C\$2.55. The United Steelworkers union said Stelco plans to lay off about 630 union workers and 150 management and staff

## Venezuela's rally fades on disappointed hopes

Political instability and high inflation continue to dampen investor sentiment, writes Joseph Mann

7 enezuela's economy, est real growth in Latin America last year at 10.4 per cent, continues to expand vigorously in 1992 but the Caracas equity market is lagging far

In spite of occasional rallies, share prices on the Bolsa de Valores de Caracas have been unable to recover to levels reached last February 3, the day before a group of army officers staged the first coup attempt seen in Venezuela since the early 1960s.

The day prior to the putsch. the Caracas Stock Exchange 34,142, up 16.5 per cent from the end-1991 close of 29,316. By June 30, the index was off 23 per cent from the February 3 high and down 10.2 per cent from the end of last year.

This week prices picked up slightly on Tuesday, but the general trend in recent weeks has still been clearly down-

Mr Alex Dalmady, editor of InvestAnalysis Stock Guide. which examines Venezuelan stocks, talks of disappointed hopes: "There were great expectations that we might have a late-year boom, but everyone anticipated and the rally disappeared."

He notes, however, that many price/carnings ratios have dropped to more attractive levels in recent months. He estimates that Venezuelan industrial shares are now trading at around 21 times earnings, while financial issues are standing at around 18. Earlier in the year, some leading stocks were being dealt at an average of 38 times earnings.

MATKIMAL AND

While the political instability following last February's military uprising may have had a depressing effect on stock prices, it is also the case that

Most Active Stocks, First

Eight Months of 1992 La Electricidad Envases CADA

more new issues have been launched this year than at any time in the history of the Caracas exchange.

The debutantes include Mavesa, a leading food processor; HL Boulton, a family-held company that decided to sell shares to the public; and Ventane, an industrial concern owned by Enron, of the US. Three important industrial companies - Venprecar (part of the Sivensa steel group). Corimon and Venepal launched Global Depositary Shares (GDSs). These companies were traded on the Car-

acas exchange before they sold GDSs abroad. Mr Dalmady said that while these new listings widen the Venezuelan stock market and will strengthen it over the long term, the immediate effect of their appearance this year is a

dampening influence on any general rally in stock prices. Several other Venezuelan

companies are planning to offer shares to the public in the near future. The biggest is CANTV, the national telecommunications group which was privatised late last year. A group headed by GTE, of the US, paid \$1.89bn to the Venezuelan government for 40 per cent of CANTV's shares and operating control over the company. The government is now planning to place some of its remaining shares on the block,

Although Venezuela's inflaas bad or worse than last year's 31 per cent, the country's currency, the bolivar, has not weakened to anything like the same extent. Strong government monetary reserves and an unstated policy of avoiding any excessive drop in the bolivar's value vis-a-vis the US dollar has kept the currency's slide thus far this year to 11.9 per cent (at 69 bolivars per dollar).

n important unknown A factor is how Venezue-la's political uncertainties will affect the stock market during the remaining months of 1992. The government of President Carlos Andres Perez obtained two months of relief from nagging student protests during August and September. But classes will soon resume and it is expected that university and high school students will renew their demonstrations against the government's free-market policies and

continue to press for the resig-

## Short-lived Paris rally on rates move

Day's Low 1043.42

FT-SE Eurotrack 100 - Sep 23

Open 10.38am 11 am 12 pm 1 pm 2 pm 3 pm close 1044.11 1045.76 1047.52 1053.15 1053.31 1050.46 1045.21 1043.77

Day's High 1055.00

themes of interest rate cut

hopes, and fears of industrial

tional blue chips moved both

ways, although the DAX index

with the interest-sensitive

Bavarians in the van. Bayer-

nhypo and Bayernverein both

put on DM9.50, to DM393 and

DM409.50 respectively, and Deutsche Bank ended DM11.50

higher at DM661.50; among

insurers, Allianz followed suit,

Carmakers and chemicals,

once again, were not so ebul-

lient. BMW continued to lose

ground in its sector, DM11.50

lower at DM514 as Volkswagen.

stayed flat at DM306.50.

Hoechst, recently the strongest

of the big three chemicals, fell

DM1.70 to DM244.50 while

BASF and Bayer came out frac-

ate turnover of Won193.5bn,

bered losers 529 to 193 with 163

reports that Choi Jong-hyun,

the group's chairman, will

accompany President Roh Tae-

woo on Roh's visit to China

up DM37 to DM1.824.

Banks rose on the rate talk,

rose 7.49 to 1.557.83.

sion. The obvious interna-

THE TURMOIL in Europe's currency markets continued yesterday with defensive initiatives from France and Spain. and more positive moves in the strong currency markets of Belgium and Austria, writes Our Markets Staff.

Equity investment reflected extremes of sentiment with Switzerland, once again the fiscally safe haven, performing well and Sweden, afraid of an ERM collapse, higher interest rates and more disasters within its own banking sector, back in the pits again.

PARIS initially rallied after the central bank raised key interest rates, before falling back on fears that efforts to support the franc may fail. The CAC-40 index, which had seen a high of 1.851 during the session, retreated to close 3.88 lower at 1,828.93. Turnover was steady at FFr2.5bn.

Basket-trading was reported to have contributed to the fall some defensive stocks, including L'Oréal's 4.6 per cent decline as its shares closed down FFr46 at FFr961. Air Liquide reflected first half results issued after Tuesday's close. The 5 per cent rise in profit was below expectations and the stock lost FFr14 to FFr747. Lafarge came off FFr11 to

MADRID was uneasy at the FFr279 ahead of figures, reintroduction of currency conreleased just after the close. trols and fears persisted of a further 5 per cent peseta deval-uation. The general index which were slightly better than expected, while Crédit Lyonclosed off 2.34 at 205.22 while nais lost a further FFr22.50 on the Ibex was 1.6 per cent lower. its investment certificates to Turnover slipped to Pta12bn FFr484.50 following Tuesday's bad half-year results.

Mr Victor Galliano of Baring FRANKFURT re-ran the twin

unchanged.

Securities said that the measures taken by the central bank yesterday might have bought a bit of time, "but if sentiment turns negative again there may have to be a furthe devaluation". He added that Spain's commitment to the

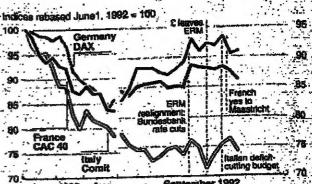
two-speed Europe." AMSTERDAM, calm in the eye of the storm, was speculating that the central bank may cut interest rates today, independently of any move by the Bundesbank. The CBS Ten-

ERM might well leave the

peseta "in the slow lane of a

dency index rose 0.6 to 113.1. BRUSSELS took little notice of a cut in local interest rates and the Bel-20 index lost 2.24 to 1,112.26 in turnover of BFr691m. Delhaize put on BFr20 to BFr1,530, helped by the stronger dollar. Clabecq rose BFr122 to BFr552, having iost more than 50 per cent over the previous four trading days.

MILAN recovered from early lows to close with the Comit index 5.05, or 1.4 per cent lower at 364.54 after a fall of around 2 per cent in the morning. But dealers said that the mood remained gloomy and that the price changes were only tech-



Jun. 1992 Aug

Mediobanca shed 3.5 per cent, Fiat 2.5 per cent and Sip 2.7 per cent in heavy trading. Fiat, which is due to announce half-year results today, rebounded on the kerb to end the day at L3,640 against an official close of L8,578.

ZURICH rose in strong volume, its relatively high monetary and political stability taking the SMI index up by 12.8 to 1,913.4. One dealer said that French investors, in particular, were channelling funds into Switzerland, attracted by lower interest rates and a rally in the bond market after UBS cut rates on all cash bonds by a quarter of a percentage point

Banks, the quickest to gain, topped the active list as CS Holding rose SFr20 to SFr1,930 and SBC firmed SFr5 to SFr278. Chemicals were also in demand with Ciba-Geigy registered SFr12 higher at SFr643.

Austrian National Bank cut its intervention rate leading to speculation of further inte rate reductions. The ATX index advanced 13.61 or 1.6 per cent to 836.05. Creditanstalt advancing Sch5 to Sch435 in spite of warning that dividends

may be cut this year. STOCKHOLM fell sharply, and closed at the day's low. Swedish institutions were perceived as sellers, partly due to the troubles of the domestic financial sector and a need to create liquidity. High interest rates and a lack of foreign interest completed the story. The Affarsvärlden General

index fell 26.8, or 3.5 per cent to 709.2. All sectors fell, but banking continued to bear the brunt: of the decline, dropping by 10.6 per cent. S-E Banken, which has claims of about SKribn on Gota, which recently suspended payments to creditors, fell to a new 1992 low of SKr9.50, down SKr2.50.

**ASIA PACIFIC** 

## Bangkok finds support as Australia weakens

#### Roundup

TOKYO took the day off for a public holiday, but there was movement elsewhere in the region yesterday.

BANGKOK thanked the bull-

ish mood of Thais in rural areas as equities resumed their uptrend, the SET index moving ahead 7.95 to 871.37 in volume of 245m shares valued at Bt17.8bn, compared with 242m shares and Bt18.6bn the day

Buying was active in the finance, bank and property sectors, with Bangkok Land, the most active stock in terms of turnover value, firming Bt1 to Bt150.00 on 11m shares A malfunction in the SET

computer, which has processed unprecedented levels of business in the latest raily, suspended trading for about 10 minutes just before the market The finance sector index

posted the day's sharpest advance. 3.1 per cent. The property share index rose 1.5 per cent and banks were up 1.1 per cent. Finance companies are expected to report strong third-quarter earnings, bolstered by recent record trading

SEOM, rehounded from two days of losses, brokers remarking upon the emergence of

#### **SOUTH AFRICA**

JOHANNESBURG Industrials all index by 10 to 3,183 in spite of continued delays in the official announcement of the ANC/government summit. 4,161 but golds shed 8 to 917.

current communist countries. The composite index finished other officials studying the investment environment and 5.19 better at 524.35 in moderthe Chinese market.

Daewoo gained momentum down from Tuesday's total of Won226.1bn. Gainers outnumon rumours that Kim Woojoong, its chairman, will join an economic feasibility team to North Korea later this month, Sunkyong moved forward but the stock also saw selling Won800 to Won16,100 on pressure on Kim's rumoured involvement in forming an opposition party.

AUSTRALIA closed weaker for the second consecutive day seas markets, Wall Street's 40point fall on Tuesday keeping institutional investors out and leaving the All Ordinaries index 15.8 lower at 1,505.0. Over the past two days the index has lost 28.6, or 1.7

Turnover increased from A\$165m to A\$195m. Foster's Brewing declined 6 cents to A\$1.24 in turnover of 3.8m shares as investors remained concerned that its A\$1bn rights

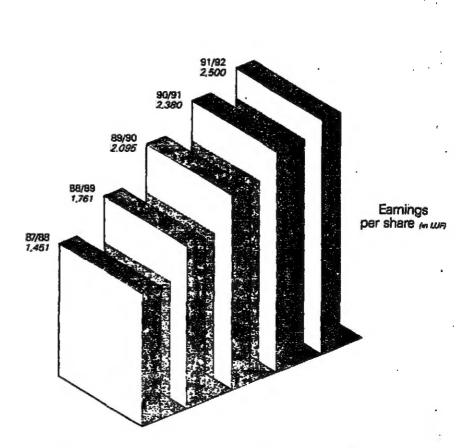
per cent.

scribed by shareholders.

MANILA fell afresh depressed by the spate of kid-nappings which has hurt the economically influential Filipino-Chinese community, and other factors such as the continued threat from the Mount Pinutabo volcano.

The composite index lost 8.60 to 1.387.55 following Tuesday's 14.50 retreat. Turnover fell to 87m pesos from Tuesday's 91m

b :=



## **Sustained Growth**

KEY FIGURES 91/92 In	million of UJF	In multion of GBP	increase
Total balance sheet	474,222	8.058	4%
Customer deposits	291,226	4.949	396
Capital, reserves and subordinated loans	16,106	274	7%
Net profit	2,052	35	7%
Earnings per share	2,500 wF	42 GBP	5%
	photocopy sale on	of Merch 21% 1982 or	GBPIUF 58 85)



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#### **FT-ACTUARIES WORLD INDICES**

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS		WEDNESDAY SEPTEMBER 25 1952							TUESDAY SEPTEMBER 22 1992						DOLLAR INDEX			
Figures in parenthoses show number of lines of stock	US Ocitar Index	Day's Change	Pound Sterling Index	Yen Index	OM Index	Local Currency Index	Local % chg on day	Gross Drv. Yield	US Ogliar Index	Pound Starting Index	Yen Index	DM Index	Local Currency index	1982 High	1932 Low	Year age (approx)		
Australia (68)	127.83	-1.1	110.93	97.04	99.79		-1.1	4.17	129.25	112.13	98.98	100.09	118.89	153.68	124,36			
Austria (19)		+0.6	138.69	121 34	124,75		+1.1	2.35	158.93	137.88	121,71	123.08	122.90	186.70	139.27			
Belgium (42)	139.82	-0.7	121.33	106.14	109,14	105.55	-0.4	5.78	140.86	122.20	107.87	109.08	106,99	152,27	135.87	127.91		
Canada (114)	121.95	- 1.0	105.82	92.58	95, 19		+ 0.0	3.21	123,12	106,81	94.28	95.34	109.75	142.12	121.95			
Denmark (33)	197.68	-2.0	171.54	150.08	154,32		-1.9	1.82	201.78	175.05	154.53	156.25	159.24	273.94	196.78	252.41		
Finland (15)	52.84	-20	45.86	40.12	41,25		-08	2.69	53.94	46.79	41.31	41.77	52.96	89.60	52.84	88.82		
France (102)	156.65	-0.7	135.94	118 92	122.28		-0.5	3.57	157.69	136.80	120.75	122,10	128.21	169.75	148.06	143.10		
Germany (64)	113.64	-0.6	98.61	86.28	88.70		+0.2	2.58	114.34	99,20	87.58	88.54	88.54	129.69	111.97	110.73		
Hong Kong (53)	236.82	-0.8	205.50	179.78	184.87		-0.8	3.65	238.70	207.08	182.80	184,86	236.91	259.55	176.36	162.07		
Ireland (16)	150.46	- 3.3	130.56	114.22	117.45		-1.3	4,44	155 60	134,99	119.16	120.50	123,31	173.71	145.54			
Italy (78)	50.36	-2.2	43.70	38.23	39.31	47.38	- 1.1	4.40	51,50	44.68	39.44	39,58	47.90	80.86	49.25	72.15		
Japan (473)	113.95	+0.9	98.88	86.50	88.96		+00	0.98	112.98	97.99	86.50	87.49	88.50	140.95	87.27			
ř.alaysia (69)		+0.1	209.92	183.64	188.83		+0.2	2.82	241.71	209.69	185,10	187.17	233.33	250.47	212.49	197.72		
1.lexico (18)		-2.0	1043.10	912.55	938.34		-1.4	1.47		1063.97	939.23	949.75		1769.77	1202.04	1195.55		
Netherland (25)	161.65	- 0.8	140.27	122.72	126, 19		+62	4.55	163.01	141.41	124.83	126.23	124.2B	167.29	147.88	139,10		
New Zealand (14)	42.34	+0.2	36.74	32.14	33.05		-0.1	5.30	42.25	36.65	32.36	32.72	41,79	48.52	41,90	45.57		
Norway (22)	143.40	+0.8	124.44	108.87	111.95		+12	2.06	142.27	123.42	108.95	110.17	116.25	192.95	135.40	197.64		
Singapore (38)	183.56	+0.0	159.29	139.38	143.29		+0.2	2.42	183.51	159.20	140.53	142.10	135,43	229.83	180.71	190.51		
South Africa (61)	175.38	-0.5	152.19	133.14	136.90		+0.3	3.27	176.21	152.86	134,94	138.45	155.45	263.60	175.03	349.24		
Spain (48)	123.77	+30	107.41	93.97	96.62		-1.2	6.26	120.20	704.27	92.05	93.08	96.70	161,72	120.20	158.55		
Sweden (30)	159.93	-3.8	138,79	121.42	124.85	132.77	-3.5	3.10	166.24	144.21	127,31	128,73	137.63	200.2B	159.93	193.54		
Switzerland (60)	117.50	+0.0	101.98	89.21	91.73	95.39	+0.5	2.24	117.58	101.98	90.03	91.05	94.89	118.45	95.99			
United Kingdom (228)	174.50	-0.2	151.42	132.46	136 20		-0.2	4.56	174.88	151.71	133.91	135.41	151.71	200.07	165.85			
USA (522)	170.22	+0.1	147.72	129.23	132.89	170.22	+0.1	298	170,09	147.56	130.26	131.72	170.08	173.30	180.92			
Europe (782)	140.73	-0.5	122.12	108.84	109.86		-0.2	4.08	141.38	122.65	108.27	109.49	116.41	156.88	138,52	142.07		
Nordic (100)	147.29	-28	127.82	111.82	114,98	115.90	-26	2.58	151.56	131.48	116.06	117.38	118,98	188.52	147.29	186.75		
Pacific Basin (715)	117.95	+0.7	102.35	89.55	92.08	91.56	-0.1	1.31	117.15	101.63	89.72	90.72	91.63	141.97	93,70			
Euro - Pacific (1497)		+0.2	110.35	96.54	99.27	101.57	-0.2	2.55	126.96	110.14	97.22	98.31	101.73	145.21	113.80	138.17		
North America (636)		+0.0	145.10	126.96	130.55	166,10	+0.1	2.99	167.16	145.01	128.03	129.47	165.98	170.49	158.70			
Europe Ex. UK (554)		-0.6	104 35	91.31	93.89	96.52	-0.3	3.51	121.01	104.98	92.69	93.73	96.79	132.98	119.63			
Pacific Ex. Japan (242)	157.18	-0.7	136.40	119.34	122.71	141.83	-0.7	3.69	158.26	137.29	121,22	122.57	142.79	175.31	149.00			
World Ex. US (1690)	126.10	+0.1	111.17	97.28	100.01	103.45	-0.2	2.57	127.97									
	138.19	+ 6.1	119.92	104.82	107.88		+0.0	2.49	138.01	111.02	98.01	99.10	103.81	148.91	116.18			
World Ex. UK (1984)				107.20						119.72	105.69	106.88	121.31	150.58	127.21	141.23		
World Ex. So. Af. (2151)	141.20	+0.1	122.53		110.23		-0.1	2.73	141.06	122.37	108.03	109.24	123.75	153.05	130.04			
World Ex. Japan (1739)	157.20	-0.2	136.41	119.35	122.73	145.55	-0.1	3.40	157,51	136.64	120.63	121.99	145.87	165.40	153.20	151.80		
The World Index (2212)	141.34	+0.1	122.65	107.30	110,34	123.99	-0.1	274	141.21	122.50	108,14	109.36	124.06	153,70	130.66	144,60		

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